

**Hakkinen
Victorious
Luxembourg
Grand Prix**
**For Asians,
U.S. Bailout
Of Fund Is
Inconsistent**

**Region's Officials Ask:
Does America Practice
What It Preaches?**

By Mark Landler
New York Times Service

HONG KONG — In Asia, which has been scolded and sermonized by the United States over its economic policies, there is a sense of grim satisfaction at the near-collapse of Long-Term Capital Management LP, known as LTCM, and its \$3.5 billion rescue by a team of banks and brokerage firms.

Business leaders here noted that, after "rodding" Asian governments from Japan to Indonesia to increase the openness of their financial institutions, the United States was bushwhacked by the calamitous losses at one of its own big hedge funds. And after urging Asia not to bail out its sinking banks, the United States did something suspiciously close to that with Long-Term Capital.

Although the rescue money was put up by banks and brokerage firms — unlike in Japan, where the banks have

Collapse of bank unit shows fragility of Japanese oversight. Page 13.

been bailed out with taxpayer money — the operation was engineered by the Federal Reserve Bank of New York, which put pressure on the private sector to participate.

"It showed us that the Americans could easily ignore their own principles," said Tadashi Nakamae, a prominent economist and president of Nakamae International Economic Research in Tokyo.

American policymakers and economists regularly declare that Asian countries would rebound more quickly from the economic crisis if they allowed at least some of their troubled banks to fail. By pumping money into the financial sector, the U.S. experts warn, Asian countries are simply delaying the reform that their economies must undergo.

Now, with Long-Term Capital, American regulators faced the same question of whether to allow a major financial player go belly up. Some experts here are unimpressed by the argument that a bankrupt Long-Term Capital would have unbundled financial markets around the world.

"Of course, if LTCM fails, there would be a lot of negative chain reactions," Mr. Nakamae said. "But to me, that has nothing to do with systemic risk. It is simply a failure of the speculative chain."

Some people likened the rescue last week to a "convoy" — a pejorative term that describes the Japanese practice of asking strong banks to bail out weaker ones, with the result that neither bank ends up healthy.

Nevertheless, few people here are gloating over a high-flying investment fund that crashed to earth. It hits too close to home in Asia, which has seen many of its top investors wiped out in the financial crisis. As it happens, few Asian banks had invested heavily in Long-Term Capital. Among those that put up the minimum \$10 million to join: Bank of China.

Even if the fund's failure might not have crushed global markets, people here said it could have unnerved fragile investors.

David Li, chairman of Bank of East Asia in Hong Kong, said several wealthy individuals in Hong Kong had invested

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The Dollar			
New York	Monday 4 P.M.	previous close	
DM	1.6762		
Yen	136.12	134.93	
FF	5.6203	5.614	
Pound	1.7063	1.6975	
The Dax			
Monday close	percent change		
106.85	+1.34%		
S&P 500			
Monday close	percent change		
1,048.69	+0.57%		
Nasdaq			
Monday close	percent change		
1,739.21	+1.10%		

Newsstand Prices	
Bahrain	1,000 BD Mails.....55 c
Cyprus	£ 1.00 Nigeria.....1250 Naira
Denmark	14.00 Dkr Oman.....1,250 QR
Finland	12.00 Fmk Qatar.....10.00 QR
Gibraltar	£ 0.85 Rep. Ireland.....1.00
Great Britain	£ 5.50 Saudi Arabia.....10 SR
Egypt	£ 5.50 S. Africa.....R12 + VAT
Jordan	1,250 JD U.A.E.....10.00 Dh
Kenya	K. Sh. 160 U.S. Mbl. (Eur).....\$ 1.20
Qatar	700 Fils Zimbabwe.....Zim\$40.00

GERMANY'S NEW LEADERS LOOK LEFT FOR ECONOMIC ANSWERS



The Social Democratic Party's leader, Oskar Lafontaine, left, joking with the incoming chancellor, Gerhard Schröder, during a postelection news briefing in Bonn on Monday.

Mideast Peace Gap 'Narrows'

New Israeli-Palestinian Talks Set for October in U.S.

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton announced Monday that a meeting with the Israeli and Palestinian leaders had produced "a significant narrowing of the gaps between the two" and that both men had agreed to return next month for what could be a decisive round of peace talks.

"We're going to work at this now and see if we can get it done," Mr. Clinton said.

"I believe there's been progress on all major issues," he added as he stood between Prime Minister Benjamin Netanyahu and Yasser Arafat after the 90-minute meeting. He described the session as a "very, very good meeting."

Earlier, Mr. Netanyahu said on NBC television, "I think we're getting close to finalizing an agreement."

But Mr. Clinton announced on specific agreement beyond the plan to meet in mid-October. Mr. Netanyahu and Mr. Arafat did not speak, looking straight ahead with little expression.

Mr. Clinton made no reference to reports that Israel is now prepared to turn over an additional 13 percent of the West Bank territories captured in 1967 to the Palestinians, a critical issue.

"We have an operating agreement that we will all say that nothing has been agreed to until everything has been agreed to," Mr. Clinton said. Mr. Netanyahu, referring to the land question, had said earlier on NBC, "I think we're quite close to an agreement on that."

Israeli diplomats had said that such an agreement was close and that it would provide for 3 percent of the land to become nature preserves under Israeli security, The Associated Press reported.

While both Middle Eastern leaders had been scheduled to meet separately Monday with Mr. Clinton, the decision for a three-sided session was made only Sunday evening, after Mr. Netanyahu and Mr. Arafat met together with Secretary of State Madeleine Albright, she said Monday.

After the meeting Monday, Mr. Clinton met

See SUMMIT, Page 3

Brazil Expects \$30 Billion Aid

Officials Say Package Would Be Tied to Austerity Steps

By Alan Friedman
International Herald Tribune

WASHINGTON — Brazil should be able to count on credit lines of about \$30 billion early next month from Western governments, private-sector banks and global financial institutions such as the IMF, World Bank and Inter-American Development Bank, senior financial officials said here Monday.

"This is not a bailout but a contingency line of credit that Brazil may make use of in order to sustain its domestic fiscal adjustment program, and it should make financial markets feel more comfortable," Enrique Iglesias, president of the Inter-American Development Bank, said in an interview.

Mr. Iglesias and other officials stressed that Brazil had not yet made a formal request for the funds and that any loans would have to be accompanied by a substantial austerity package of policies aimed at cutting the government's fiscal deficit, now at 7 percent of gross domestic product.

Mr. Iglesias confirmed the shape of the emergency assistance, as reported Monday by The New York Times. The newspaper said the package being prepared would include about \$10 billion from the International Monetary Fund and \$5 billion each from the World Bank and the Inter-American Development Bank plus as-yet unspecified contributions from the United

See BRAZIL, Page 20

Are Those 70 Home Runs Ruthian? No, Mac-ian

McGwire's Total Enters the Legends of Sports

By Thomas Boswell
Washington Post Service

ST. LOUIS — The greatest sustained six-month spectacle ever put on by any man in baseball history is over now. Busch Stadium is empty, the St. Louis Cardinals' season finished, and everyone, even Mark McGwire, has finally gone home. The residue: amazement, exhaustion, joy. When, again, if ever?

This summer of Big Mac theater, which encompassed sport but touched far more, could not last forever, much as millions wished it might. In a sense, however, McGwire's 70 home runs — including two Sunday in the Cardinals' 6-3 victory over the Montreal Expos — will burn brightly for generations, at the least genuine mythology, born full-blown before our eyes, lasts as long as tongues can tell.

With the two homers in his season finale to match his pair of blasts Saturday, as well as one homer Friday, McGwire has gone beyond expectations, beyond rational baseball possibilities and into his own magnificent sports twilight zone.

The final day had the usual high-fives, elbow bashes, gut punches, curtain calls and standing ovations. But, according to everyone involved, none of the normal forms of celebration sufficed.

Occasionally in sports, at long intervals, people accomplish feats, do deeds, eradicate long-standing records in ways that so far exceed their own expectations — and our assumptions about the levels of human performance — that enormous numbers of people feel ennobled by what becomes a sustaining, inspiring shared experience.

For Americans, the Olympic victory by the U.S. hockey team over the Soviet Union in 1980 was one example, as was Jack Nicklaus's golf triumph at the Masters at the age of 46. So was Cal Ripken Jr.'s consecutive-games baseball streak.

Indelible as those achievements are, as well as the entire careers of such athletes as Muhammad Ali and Michael Jordan, McGwire's enormous number — 70 home runs — is going to need some digestion. One question remains:

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Rushdie's Death Sentence Is Irrevocable, Clerics Say

TEHRAN (Reuters) — Three senior Iranian clerics have called on Muslims to kill Salman Rushdie, days after Iran and Britain said they had resolved a dispute over a death order against the British author, Iranian press reports said Monday.

The clerics said the *fatwa*, or religious ruling, condemning Mr. Rushdie to death was irrevocable. Opponents of President Mohammad Khatami appeared to be mounting a backlash against the deal intended to help normalize relations between Britain and Iran.

AGENDA

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Albania's Prime Minister Steps Down Amid Unrest

TIRANA, Albania (AP) — The Socialist prime minister of Albania, Fatos Nano, resigned Monday, amid continuing unrest in the wake of a politician's assassination two weeks ago that pushed the impoverished nation to the brink of anarchy.

Mr. Nano's resignation was announced after a meeting of the Socialist Party leadership in Tirana, the Albanian capital. A statement said that Pandeli Majko, 31, general secretary of the Socialist Party, would be its candidate for prime minister.

Socialists Will Invite Greens Into Cabinet

By William Drozdiak
Washington Post Service

BERLIN — Chancellor-elect Gerhard Schröder said Monday that his Social Democrats would seek a coalition government with the environmental Greens party after results from Sunday's election showed such a leftist alliance would command a clear legislative majority.

A day after dethroning Chancellor Helmut Kohl's Christian Democrats as the country's biggest party, the leadership of the Social Democrats voted unanimously to open negotiations with the Greens on Friday to thrash out a policy agenda that would lead a new government for the next four years.

If Mr. Schröder succeeds in building a "Red-Green" coalition, it would mark a dramatic shift from the conservative mind-set that has governed

The new 'Berlin Republic' is more than just a question of geography for Schröder. Page 4.

Europe's most powerful nation for the past 16 years. With left-of-center governments now running Europe's four largest countries, Mr. Schröder said there was a historic opportunity to coordinate solutions to joblessness and other social and economic problems.

The outcome showed that the Social Democrats and Greens would hold a 21-seat majority in the new 669-seat Bundestag, or lower house of Parliament. Mr. Schröder said it was a wider margin than he expected and he felt confident that it was sufficiently comfortable to form a stable government.

"The conditions have been fulfilled, so the coalition negotiations with the Greens are the logical consequences of the election," Mr. Schröder said at a news conference in Bonn.

He emphasized it should be possible to achieve "a rational program" with the Greens despite their radical notions, which have included tripling the price of gasoline to \$12 a gallon and dissolving the North Atlantic Treaty Organization.

"I have the impression that the Greens leadership is not entertaining the idea of forming a government contract for less than four years," Mr. Schröder said.

He said a major priority of Germany's new government would be to curb speculation on capital markets and to push for global financial reform, an initiative that has been endorsed by Prime Minister Tony Blair of Britain and President Jacques Chirac of France.

The party chairman, Oskar Lafontaine, who is expected to serve as finance minister in Mr. Schröder's government, said Germany would also push for substantial cuts in interest rates to spur economic growth and the creation of new jobs. That could set up a clash with directors of the European Central Bank, who have declared their intention to raise rates if necessary to maintain the strength of the new single European currency.

While Mr. Schröder insists he wants to maintain continuity with Mr. Kohl's foreign policies, the powerful leftist factions within the Greens and his own party could quickly undermine his pragmatic concepts of "the New Center."

The Social Democrats have vowed to repeal some of Mr. Kohl's modest economic changes, which included cuts in pensions and sick pay and relaxation of some labor rules to make it easier for companies to fire workers. But business leaders

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Chancellor Helmut Kohl wiping his face Monday in Bonn as he discussed his defeat.

Schröder Gains A Mixed Legacy From Kohl Years

By John Vinocur
International Herald Tribune

As much as he is the inheritor of Helmut Kohl's immense accomplishments, Gerhard Schröder is also the heir of the political immobility, both left and right, that over the last years has left the German economic and social model weakened and adrift.

To his vast good fortune, he comes to power as the first postwar German chancellor freed of minute-to-minute concerns about nuclear conflict, aggressive neighbors and his own divided nation. He takes charge of a Germany moving to a new capital and into a new century with the backing of a country that wants to turn his election's momentum to its advantage. And he offers to the task his own vast willpower, charm and persuasiveness.

But in very real respects, compared with Helmut Kohl's circumstances when he became chancellor in 1982, Mr. Schröder is at a disadvantage. If Mr. Kohl had primarily to deal with a precise Soviet threat and Germany's response to it, Mr. Schröder must face a diffuse economic crisis that is unwilling to disappear, his own vague message on how he will approach it and a complicated political environment of conflicting ideas within his own Social Democratic Party and its likely coalition partner, the Greens.

Mr. Schröder's essential mission is inside Germany as trustee of the damaged economy that Mr. Kohl too long ignored, and whose timid tax reform plans were vetoed by the new chancellor's party when they were on the verge of becoming law. Brilliant victory aside, it is completely unclear if the man who has recalibrated his life and his political creed again and again can find the arguments to rejuvenate the economy and end the sense of national standstill, while somehow finessing the country's reluctance to endanger its comforts.

The old chancellor may have had it easier at first. Mr. Kohl took over from the Social Democrats

See DRIFT, Page 4

Business Wary Of Roundtable

By John Schmid
International Herald Tribune

FRANKFURT — Only a day after Gerhard Schröder's election victory, German industry threatened Monday to undermine the cornerstone of the chancellor-elect's economic policy.

The nation's business leaders, whose support Mr. Schröder needs for his roundtable plan to tackle mass unemployment, balked at the Social Democrats' campaign pledge to undo some of the pro-business regulations put in place by the outgoing leader, Helmut Kohl.

"I will use all of my influence to try to prevent the repeal of these reforms," said Dieter Hündt, head of the German Employers Federation. A roundtable, which is designed to bring together business, unions and government, is "not conceivable" if Mr. Schröder carries out his promise to turn back the rules, he said.

Mr. Schröder has vowed to repeal three of Mr. Kohl's changes: one that made it easier for small companies to fire staff, another that reduced sick-pay benefits and a third that called for phased cuts in state pension entitlements. All were aimed at reducing the high cost of doing business in Germany.

In blunt language that gives Mr. Schröder little of a post-victory honeymoon, industry leaders effectively challenged him to withdraw his oft-repeated pledge to roll back Mr. Kohl's policies.

That would be a belittling and unexpected retreat for Mr. Schröder, who highlighted the

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THE AMERICAS

On Shore,
Hurricane
Loses SteamBands of Heavy Rain
Swamp U.S. Gulf Coast

PASCAGOULA, Mississippi — The hurricane designated Georges stalled and weakened Monday after howling ashore with 174 mile-per-hour wind gusts and dropping as much as 20 inches of rain.

Thousands of people huddled in shelters from Louisiana to Florida.

New Orleans, about 55 miles west of the hurricane's eye, was not hit. A man in New Orleans died in a fire started by candles being used for light after the hurricane knocked out electric power.

Georges' effect on the South was tame, however, compared with its path through the Caribbean, where more than 300 people were killed.

Roof damage forced 400 people out of a storm shelter in the coastal town of Gautier, Mississippi.

An apparent tornado in Pascagoula damaged the roof of another shelter holding 90 people.

Power outages affected more than 380,000 customers all along the Gulf Coast on Monday as Georges's top sustained wind slowed to 90 mph.

Airports and highways were closed, waves as tall as a house clipped off Alabama fishing piers and the wind peeled siding and shingles off homes and shredded palm trees.

National Guard troops using trucks and boats had to rescue about 200 people from flooded homes in the Florida Panhandle, where most roads were reported under water and Interstate 10 was washed out near the Alabama line.

More than 1.5 million people had been told to leave the Gulf Coast, spurring "probably the largest evacuation we have ever achieved," said Lieutenant Colonel Ronnie Jones of the Louisiana State Police.

The hurricane's eye, surrounded by wind blowing at a sustained 105 mph, moved ashore Monday morning at Ocean Springs, Mississippi, between Biloxi and Pascagoula, and Keesler Air Force Base in Biloxi reported a wind gust of 174 mph.

Although the worst weather was along the coast, power outages extended as far north as Laurel, Mississippi, 90 miles north of Pascagoula. A state of emergency was declared in Hattiesburg, Mississippi, 60 miles north of the coast.

Georges's top sustained wind weakened to 90 mph after it left the warm water of the Gulf, according to the National Hurricane Center in Miami. Georges had sustained a wind of 105 mph while at sea during the night.

However, hurricane-force wind of at least 74 mph extended up to 70 miles out from the storm's center.

A hurricane warning remained in force from Grand Isle, Louisiana, eastward to Destin, Florida.

Twenty inches of rain had fallen by Monday morning in the Florida Panhandle, with 18 inches at Biloxi, Mississippi, and 10 inches reported in southern Alabama.

No flooding was reported in New Orleans, but across Lake Pontchartrain, closer to the heart of the storm, water from the storm surge rose at more than 15 inches an hour in St. Tammany Parish outside Slidell, Louisiana, authorities said.

Louisiana's tiny community of Grand Isle, on an exposed and low-lying barrier island, also was spared, although water over the highway to the mainland prevented residents from returning home Monday.

The two foot wind gusts to 60 mph and heavy rain, but had worse flooding during Tropical Storm Frances two weeks ago, Grand Isle's police chief, Roscoe Besson, said.

Tens of thousands of people flocked to New Orleans's nine shelters, including the cavernous Louisiana Superdome and the sprawling Ernest Morial Convention Center. The city had room to shelter 100,000 of its 450,000 people.

But in the city's French Quarter, at least three Bourbon Street bars kept peddling alcohol — including the apdly named hurricane rum punch — after a 6 P.M. curfew.



President Bill Clinton waving with Garry Mauro to a crowd in San Antonio, Texas. Mr. Mauro is running against Governor George Bush.

POLITICAL NOTES

House Panel to Sift Starr Files

WASHINGTON — Senior lawyers for the House Judiciary Committee will visit Kenneth Starr's offices this week to review boxes of evidence the independent counsel has not forwarded to Congress, the panel's chairman said Monday.

In addition to the evidence he submitted earlier this month, Mr. Starr has 20 boxes of material gathered as part of his investigation of President Bill Clinton's relationship with Monica Lewinsky and alleged efforts to cover it up.

The chairman of the Judiciary Committee, Illinois Republican Henry Hyde, said the bipartisan group of investigators will attempt to determine if there are any other relevant documents.

"I can't really predict what we'll do until we see what it is," Mr. Hyde said.

Jesse Jackson Tests the Waters

NELSONVILLE, Ohio — With an assortment of conservative and liberal activists at his side, Jesse Jackson led

a campaign-like rally and march in this impoverished Appalachian town.

Saying that he had not decided on a third presidential campaign in 2000, Mr. Jackson nevertheless sounded populist campaign themes in addressing the nearly 2,000 people — mostly mine workers and students and faculty from Hocking College here.

He was flanked by union officials, the actor and liberal activist Martin Sheen and the Reverend Jerry Falwell, an evangelical and conservative who is often at odds with Mr. Jackson's brand of politics but who said he agreed with his exhortation that, during a period of prosperity, the public should "leave no American behind."

(AP)

Quote/Unquote

Marty Kaplan, associate dean at the University of Southern California Annenberg School for Communications, on President Bill Clinton's popularity in Hollywood, thanks to Tinseltown's drive to "cast" the presidency with someone who is "young and energetic": "Sure, people are privately feeling devastated or betrayed or hurt. Somehow, it's one part Capra film, one part Michael Douglas." (NYT)

Clinton Forces Trying to Turn Focus on Starr Investigators

By James Bennet and Jill Abramson
New York Times Service

WASHINGTON — Broadening its counter-attack against possible impeachment proceedings, the White House has coordinated a strategy with Democrats in Congress to "turn the tables" and investigate the investigators.

The focus of this is to examine how Kenneth Starr, the independent counsel, came to look into the Lewinsky sex matter, advisers to President Bill Clinton said.

With help from Democrats in the House and Senate, the White House is trying to obtain from Mr. Starr an accounting of how he persuaded the Justice Department in January to authorize him to broaden his inquiry to include Mr. Clinton's relationship with Monica Lewinsky.

A Democratic effort to do just that failed Friday in a strict party-line vote in the House Judiciary Committee.

"That was defeated, but it's going to come back in many different ways," a senior Clinton strategist said Sunday. "This is a coordinated, strategic approach."

Since Mr. Starr issued his impeachment report on the Lewinsky matter to Congress on Sept. 9, the White House has tried to put its critics on the

defensive by attacking the report as incomplete and slanted against the president.

The president's allies now hope to take that assault a step further by arguing that Mr. Starr was so eager to embarrass or drive Mr. Clinton from office that Mr. Starr relied on weak and perhaps faulty evidence to persuade Attorney General Janet Reno to recommend that he widen his inquiry.

Mr. Starr's allies have argued that he pursued the Lewinsky matter because he believed it conformed to a pattern of obstructing justice he had seen in his other investigations of the Clintons.

Whatever the public learns about how Mr. Starr's jurisdiction was expanded would have no bearing on the substance of the accusations against the president. But they believe it might weaken public support for impeachment proceedings.

The new line of inquiry by Democrats into Mr. Starr dovetails with an increasing focus by the White House and congressional Democrats on the role of Linda Tripp, the former confidante of Ms. Lewinsky who tape-recorded their conversations.

Mr. Starr's investigation was expanded partly because of evidence gathered by Mrs. Tripp that Ms. Lewinsky had prepared a false affidavit in the Paula Jones sexual misconduct lawsuit.

Mrs. Tripp's recordings suggested that Ms. Lewinsky had promised to deny a sexual rela-

tionship with the president in exchange for help in arranging a good job. Ms. Lewinsky later testified that Mr. Clinton had not asked her to lie and that she had made no deal for a job.

The president's strategists and allies plan to portray Mrs. Tripp as a tainted witness who broke the law to tape the conversations and manipulated Ms. Lewinsky — and perhaps Mr. Starr — in an effort to entrap the president.

The Democratic assault on Mrs. Tripp is based on documents released last week, including testimony from Ms. Lewinsky stating Mrs. Tripp pushed her into actions damaging to Mr. Clinton.

Ms. Lewinsky said that Mrs. Tripp urged her to save the dress stained in a sexual encounter with the president, suggested that she seek help from Vernon Jordan Jr., a Washington lawyer and friend of Mr. Clinton's, to get a job in New York, and urged her to delay signing her affidavit in the Jones case until the job came through.

A Clinton adviser said Sunday that the Democrats hope to learn whether Mr. Starr informed Ms. Reno that Mrs. Tripp might have broken Maryland law by tape-recording her conversations with Ms. Lewinsky, and that Mrs. Tripp had an "obvious bias" against Mr. Clinton.

Charles Bakaly 3d, the independent counsel's spokesman, described the evolving White House

caucuses and primary elections that nominate candidates.

"If I get into this, it would be ludicrous if I was going to be trimming my sails," said Mr. Bauer of the Family Research Council. He is making an explicit appeal to social conservatives on the issue of abstinence. "I'm not ashamed at all to talk about that," he said.

"One of the most emotional things I've done in recent years," Mr. Bauer said, was to go to a ceremony at his church "where our daughter stood up, pledged to us that she would remain chaste before marriage, and we" — his wife and he — "pledged to help her." As part of the ceremony, he said, the parent gives the son or daughter a ring as "a reminder to them about that mutual pledge."

Similarly, Senator Ashcroft passed out copies of his book, "Lessons From a Father to His Son," at the Christian Coalition's Road to Victory conference last weekend. The book includes a passage in which Mr. Ashcroft describes stopping for a meal at a roadside restaurant where the "tattoo-laden 'fry-chef'" asked him if it was true "that your sex life gets better after you're married."

Mr. Ashcroft wrote that he was stammered. "Mine sure did," given the fact that I didn't have a sex life before marriage."

As he drove away, Mr. Ashcroft said, he realized that "I should have told this young man, 'I don't have a sex life. I have a love life, in which sex plays an important but private role.' A prostitute has a sex life; a porn star has a sex life; even animals can have a sex life. But a married person has a love life."

Governor Bush, running for a second term, has already faced questions about his call for abstinence. The early front-runner for the Republican nomination has told reporters from at least three news organizations that he has been faithful to his wife of 21 years, according to Karen Hughes, Mr. Bush's campaign communications director, though he has conceded that "when he was young and irresponsible, he was young and irresponsible."

He said the independent counsel's office "did not find out about any issue concerning the tapes until well into the investigation" and that Mr. Starr's report to Congress made this clear. "We continue to investigate it," Mr. Bakaly said.

The president's allies in Congress are focusing on Mrs. Tripp partly in anticipation of the release this week of Mr. Starr's investigation. Edited transcripts of Mrs. Tripp's taped conversations with Ms. Lewinsky and her grand jury testimony are among the materials expected to be released.

As they try to strengthen the president's political position, the White House and congressional Democrats are zeroing in on the events of Jan. 12 to Jan. 19. That was the week Mr. Starr learned of Mrs. Tripp's conversations with Ms. Lewinsky. On Thursday, Jan. 15, Mr. Starr approached the Justice Department to expand his inquiry. He received permission Friday, the same day that his prosecutors swooped down on Ms. Lewinsky in a failed initial attempt to get her to cooperate in their inquiry.

That night, Mrs. Tripp met with the Jones lawyers, who the next day questioned Mr. Clinton about his relationship with Ms. Lewinsky in his deposition in the Jones case.

Away From Politics

• Attorney General Janet Reno was released from a hospital and returned to work the same day after an overnight stay following her second fainting spell in a year. A spokesman for Georgetown University Medical Center said Ms. Reno's doctor had pronounced her "100 percent fit for duty."

• Settlement talks failed to resolve Washington state's multimillion-dollar claim against the tobacco industry for the health-care costs of treating sick smokers, setting the stage for opening statements in what

could be the first lawsuit against the industry to go to a final jury verdict. Florida, Texas, Mississippi and Minnesota reached out-of-court settlements for a combined \$36.8 billion. (AP)

• A Border Patrol agent acted in self-defense in shooting a man who was threatening him with a rock to help a friend flee, patrol officials have ruled. But Mexican authorities say witnesses have disputed the patrol's account in the killing of Oscar Abel Cordoba Velez, which was being reviewed by San Diego police and the FBI. (AP)

CROSSWORD

ACROSS

- 1 Flashlight's projection
- 5 Bus, get-together
- 8 Adjust on the timeline
- 14 With 2-Down, "My People" author
- 15 Pacific battle site, in brief
- 16 From and Remarque
- 17 Australian ranch hand
- 19 Lunatics
- 20 Pyrenees nation
- 21 Pretty marble

DOWN

- 22 Showy parrot
- 24 Chinese food additive
- 27 Dali or Corot
- 28 Mass robe
- 31 Needed untimed
- 32 Tot's game
- 36 Braincases
- 38 Connect via phone
- 39 Leaping municipal
- 42 Pacific island nation
- 43 Workout facility
- 44 Tax on imports
- 47 Cansin M.I.T. grade
- 48 Cowboy

Solution to Puzzle of Sept. 28

ARTS GRUB NOBLE
LUAU EASE AUSTIN
PTIS ONEIA ALFIE
ON THE FIRST MOUNT
LINE TAO
ALL ORAM GWEISS
NADA ELIS DANCE
GUILTY SHOO PONG
EROS SHOO PONG
LAMOISE AWLS YEE
ORE LIL
ORDER IN THE COURT
MAUDS BOER CLEO
ARENA OGRE KANT
RELAX WARD ENTO

ACROSS

- 33 In its entirety
- 34 Austrian Alpine pass
- 35 Where 26-Down is
- 36 Algonquian Indian
- 38 Donut coatings
- 39 Drink on draft
- 40 Pearly's capital
- 42 "Murder Must Advertise" writer
- 43 Dorothy
- 44 Tripper's turn-on
- 45 Like some drinks

DOWN

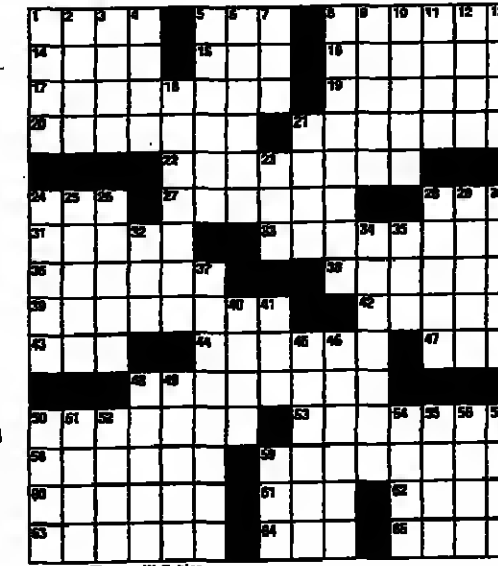
- 1 Mexican locale, for short
- 2 See 14-Across
- 3 Alphabetical start
- 4 Shark variety
- 5 Medicine chest door, usually
- 6 Having an transmission
- 7 Baby syllable
- 8 Did a farmer's job
- 9 Sappho's Muse
- 10 Child's reply to a taunt
- 11 Highest point
- 12 Unnamed ones
- 13 Feudal worker
- 14 Los Angeles suburb

ACROSS

- 21 Job for Holmes
- 22 Lacation money
- 24 Baseball's Connie and others
- 25 Dump into a Dumpster
- 26 Lake Volta's country
- 28 Once in — moon
- 29 River through Tours
- 30 Year-end check, maybe
- 32 Our lang.
- 33 Motorists' org.
- 34 Relations
- 40 Tasting like certain wood
- 41 Men-mouse connector
- 45 Certain letter-shaped tracks

DOWN

- 48 Involuntary, as a landing
- 49 Pool table fabric
- 50 Gastric woe
- 51 "Man Mended"
- 52 Caterer's carrier
- 54 "Road" picture destination
- 55 Colossal



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SUMMIT: New Talks Are Set

Continued from Page 1

separately with Mr. Netanyahu, and was to meet Tuesday with Mr. Arafat.

Despite the lack of specifics, the White House and Mrs. Albright portrayed the session as significant for all sides, and for the peace talks.

It was only the second face-to-face meeting between Mr. Arafat and Mr. Netanyahu in a year — the first, brokered by Mrs. Albright, had come the night before in New York — and followed 18 months in which the peace talks have been characterized by anger and stagnation.

The effort to revive the negotiating process offered Mr. Clinton a welcome opportunity to shift the focus from the probable impeachment inquiry facing him, and to cast himself again in the role of statesman and broker of peace, as he has done with Northern Ireland.

Mr. Clinton had met with Mr. Arafat and Mr. Netanyahu in late January, just as news of his relationship with Monica Lewinsky, the former White House intern, was emerging. His role in the peace process since then has been a low-profile one.

On Monday, Mr. Clinton offered a mixture of hope and caution. "We've made significant progress on the path to peace, and I think we could finish it in mid-October, and I certainly hope we do," he said. But he added that there was "still a substantial amount of work to be done."

"Whether there will be this agreement," Mr. Clinton said, "depends on how badly they want it, how much we can work together, how much trust can be built and sustained." Both sides, he said, "have made a very unusual commitment."

Mrs. Albright and the U.S. Middle East envoy, Dennis Ross, will return to the Middle East on Oct. 5 or 6 to prepare the ground for the Washington meeting.

Mrs. Albright said the meeting in Washington had provided "an increased sense of urgency" for the peace process. She described Mr. Clinton's role in the session as "pushing, prodding, suggesting and basically telling them to get on with the work."

While she declined to provide specifics, she noted that the issues outstanding include a commitment by the parties to avoid any disruptive unilateral action, such as construction of Israeli settlements in the West Bank, and security arrangements that the Palestinians will have to accept.

Mr. Clinton sidestepped a question from one reporter about whether he supported an independent Palestinian state. His wife, Hillary Rodham Clinton, caused a brief political furor in Israel, and among some U.S. Jewish groups, when she told a group of Israeli and Palestinian schoolchildren in May that she favored such a state.

"She did" make such a statement, Mr. Clinton said, "but she's not the president, and she's not trying to manage this peace process."

He said he would respect the Oslo peace accords, by which the question of a Palestinian state is left to the "final-status" negotiations between Israel and the Palestinian Authority. "Whatever the United States says on that publicly will be unhelpful to the ultimate outcome," he added.

Israeli sources told Reuters that the entire deal could be wrapped up in two weeks.

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Germany's New Look / The Center of Gravity Shifts

Change in Germany's Leadership Provokes New Unease in France

By Craig R. Whitney
New York Times Service

PARIS — Faced with a new German chancellor, Gerhard Schröder, who believes that Germany's relations with Britain will be at least as important as those with France, French leaders are once again filled with anxiety about their powerful eastern neighbor.

This is not the old anxiety that stemmed directly from the three German invasions between 1870 and 1940. From Konrad Adenauer to Helmut Kohl, the chancellors whom Mr. Schröder defeated in Sunday's elections, that anxiety has been relegated to the history books.

Now, half a century after World War

II, France and Germany are each other's leading trade partners. Eleven percent of Germany's foreign trade is with France, and 17 percent of France's is with Germany, more than the commerce either of them does with the United States and Canada.

Germany is firmly embedded in the North Atlantic Treaty Organization and the European Union, and at French insistence it became a firm partner in the project to adopt the common European currency, the euro, which is to come into use three months from now.

But French leaders fear that unless they revitalize the Franco-German relationship before the German capital moves east from Bonn to Berlin next

year, France may not be able to keep steering the Germans on a European course of French design.

"Everyone knows that existing structures have to be adapted to the new circumstances of European construction," President Jacques Chirac told French ambassadors from around the world recently, saying he and Prime Minister Lionel Jospin would talk to Germany's leaders as soon as the elections were over.

"We must define the objectives and rethink the ways in which we cooperate to reinforce our common destiny and our ability together to bring Europe along with us," Mr. Chirac said.

Mr. Chirac lost no time in inviting Mr.

Schröder to Paris, calling him less than three hours after the polls closed Sunday night. And the chancellor-designate wasted little time in accepting. He announced Monday that he would visit Paris on Wednesday for lunch with Mr. Chirac at the Elysee Palace. Prime Minister Lionel Jospin said he hoped that the two allies would renew bilateral institutions that had bogged down in routine.

Mr. Schröder was reassuring in an interview with the French radio station Europe 1. "My personal relationship with France is much better than the press believes," he said. "The Franco-German axis will remain the most important axis in Europe."

But he added that a link between Germany and Britain was also needed, making the core relationship trilateral rather than bilateral.

"It's true that Schröder is Saxon, and therefore naturally attracted to England," said Pierre Moscovici, France's minister of European affairs, earlier this month. "Schröder is a man who doesn't have any international experience, but he learns fast. He knows that the road to it leads through the Franco-German couple," Mr. Moscovici assured an audience in Nancy.

On Monday, Mr. Moscovici said that the Europe of Tony Blair, Lionel Jospin and Gerhard Schröder, all center-left

politicians, would probably have "more guts" in dealing with European problems — the continent's double-digit unemployment rate first among them — than in the past.

For Hubert Vedrine, France's foreign minister, the Franco-German relationship is described as the "motor" of Europe, but Germany is less inhibited than it used to be about defending its national interests, particularly economic interests.

"It's part of the normalization of Germany," Mr. Vedrine said recently. "Since unification, Germany doesn't have to be the good boy of Europe any more."

Before the election, Mr. Schröder made some moves to try to reassure the French. In particular, he turned to Brigitte Sauzay, a French writer who was the late President François Mitterrand's German-language interpreter, for advice.

"He asked me to explain France to him and to suggest measures that could bring the two societies closer together," Mrs. Sauzay said in an interview at home here in Paris before the elections. "I have come up with a list and will be discussing it with him, but I don't think I should say what's on it yet."

She said: "I think the Germans are changing. I thought unification would allow them to become more comfortable with themselves, but instead they're uneasy. They still tend to identify themselves with their economic performance instead of cultural values."

What Mrs. Sauzay and many other people in France would like to see the Germans do is to work with France to strengthen the distinct cultural, social and economic cohesion of Europe to resist the encroachments of "globalism," a menace the French believe to be incarnated in the Anglo-Saxon entrepreneurial ethic.

"Europeans realize that their society is very different," Mrs. Sauzay said. "What's going on in the United States today with President Bill Clinton and the Monica Lewinsky scandal makes every European more aware than ever of how different it is. We want to keep our distinct national identities, but to do so we have to be European together."

For most of the half-century since the end of World War II, French has not been the foreign language German schoolchildren study first; English has. English is also the first foreign language studied by 88.1 percent of schoolchildren in France, compared to the 10.5 percent who take German as their first foreign language — down from 14 percent 25 years ago.

"In France, German is hardly taught at all any more," Daniel Fauconnier said with some exaggeration. Until recently he was in charge of German-language programs at the French Institute in Berlin.

"Young Germans don't spend their vacations in France," Mr. Fauconnier added. "They go to America or Tahiti. After the fall of the Berlin Wall in 1989, there was a lot of interest in studying French from Germans who lived in the east, but it's completely fallen off now. French is losing ground to English and Spanish."

If there is lingering admiration for the traditional French way of life — "living like God in France" is a common German expression, the equivalent of "living the life of Riley" — there is ambivalence, too.

When German writers want to be ironic about France's great-power ambitions, they refer to France, in French, as "la grande nation." It is an expression the French never use themselves, even if they privately consider it accurate.

Some French ambivalence is also caused by lingering memories of the wartime German occupation and embarrassment about how to deal with the issue of French collaboration with the occupiers.

The trial of a wartime French official, Maurice Papon, and his conviction earlier this year on charges of complicity in German war crimes reopened wounds laid bare in 1995, when Mr. Chirac acknowledged, for the first time by a president since the war, that the deportation of French Jews to Auschwitz was an act for which France, not just the discredited wartime administration in Vichy, bore historic responsibility.

'Berlin Republic' Arrives
As a 'New Beginning'

Schröder Refers to More Than Geography

By Roger Cohen
New York Times Service

BONN — With an astonishing boldness, Germans have ushered in a new phase in their political life, one that their newly elected leader, Gerhard Schröder, called Monday the "Berlin Republic."

In a literal sense, the phrase merely signifies the planned return of the German capital to Berlin next year, 54 years after the collapse of Hitler's reich. But Mr. Schröder, whose Social Democrats inflicted a crushing defeat on Chancellor Helmut Kohl on Sunday, said the birth of the "Berlin Republic" had a deeper meaning for him.

It represented a "new beginning," he said, one combining the strong democratic culture built up over the last half-century with the "civil courage shown in the unification of this country."

The allusion to unification was telling, for in the difficult, costly marriage of the West and the formerly Communist East lay the seeds of Mr. Schröder's sweeping victory.

Equally telling, from a man resolutely of the postwar generation, was the absence of any reference to Germany's troubled history in Berlin.

Germany, shaken by the high unemployment engendered partly by unification, has shifted leftward; it has also shifted eastward away from the conservative Rhineland culture of Mr. Kohl and the first postwar chancellor, Konrad Adenauer, toward as yet untiered forces of government.

In the former East and in Berlin, support for Mr. Kohl's Christian Democrats imploded. The party won about 27.3 percent of the vote, down from 37.5 percent in 1994. At the same time, support for Mr. Schröder's Social Democrats and the Party of Democratic Socialism, the successor to the East German Communist Party, surged.

"The core of the Bonn republic was Christian, Catholic, southwestern," said Claus Leggewie, a political scientist. "The center of gravity has now moved east, where the electorate is completely different, opening up political options that never existed before."

The option now under review by Mr. Schröder is a "Red-Green" coalition bringing together the Social Democrats and the environmentalist Greens. The parties won a clear majority in the Bundestag, and the new German government will almost certainly take this form — one never seen in Germany.

Such a government would embody the arrival in power of a postwar generation that took part in the wave of leftist protests of the 1960s — Joschka Fischer, the Greens' most influential single figure, was particularly active — and subsequently evolved toward the pragmatism that was the hallmark of Mr. Schröder's victory.

But if realism has tempered the idealism of youth in the case of both Mr. Schröder and Mr. Fischer, a "Red-Green" German government would still represent a radical departure.

Mr. Schröder warned Monday that the Greens should prepare themselves for "tough negotiations," and he is certain to rein in their most extremist wing. Nonetheless, policy will shift.

At the very least, Mr. Schröder and Mr. Fischer made it clear Monday, Germany's immigration laws seem certain to change, reflecting the extent to which this has become a multiethnic society.

"We will make it possible to have dual citizenship," Mr. Schröder said. "We will find a solution to this."

This reform, strongly supported by the Greens and resisted by Mr. Kohl's Christian Democrats, would probably make it possible for immigrants' children born in Germany to gain citizenship.

There are more than 7 million foreigners among Germany's 81 million people. Such a change would represent a marked shift in many Germans' view of their society, one that the Christian Democrats often — and obstinately — portrayed as rooted in the "homogeneity" of the German people.

On the treacherous economic front, the Social Democrats and the Greens will certainly find it more difficult to harmonize their positions.

A Green leader, Jürgen Trittin, called Monday for the closure, as fast as possible, of Germany's 20 nuclear power stations — a demand that Mr. Schröder will regard as unrealistic.

Still, the two parties are likely to be united in a desire to preserve at least the bedrock of Germany's and Europe's welfare system against more extreme free-market ideas. In this sense, they will stand against the wholesale "Americanization" of Europe.

Both Oskar Lafontaine, the chairman of the Social Democratic Party and probably the next finance minister, and Mr.

Fischer, who may become foreign minister, are adamant about the defense of minimum social, ecological and welfare standards against the complete deregulation that global markets have tended to inspire.

But the central issue confronting the parties — Germany's 4.1 million unemployed — is certain to provoke tensions. The Greens want to lower Germany's high wage costs, a main barrier to employment, by introducing compensatory taxes on energy, including gasoline.

The Social Democrats, meanwhile, have wavered between assurances to businessmen about lowering taxes and making the labor market less rigid and pledges to workers about improved pensions and sick pay.

If a radical shift to a new "Berlin Republic" is under way, it is clear that there will also be strong elements of continuity and compromise under the new generation now set to govern Europe's most powerful state.

GERMANY: Socialists to Invite Greens

Continued from Page 1

have warned that any rollback in these changes would doom Mr. Schröder's hopes of gaining their cooperation to fight Germany's unemployment problem.

Besides trying to placate his party's rank-and-file labor sympathizers and the country's business interests, Mr. Schröder may confront serious difficulties in securing cooperation from his prospective coalition partners. The Greens are split between the realists, who are prepared to moderate demands in order to wield power, and the fundamentalists, who are viscerally opposed to compromise, especially when it involves environmental issues.

Mr. Schröder has tried to leave the door open for a Grand Coalition with the Christian Democrats in the event that

talks with the Greens should collapse. That option was attacked on Monday by Gunda Roedel, one of the Greens' senior leaders, who said any approach by Mr. Schröder to the defeated conservatives would perpetrate "a scandalous fraud on the voters."

The Christian Democrats also appear in no mood to cooperate with their rivals as they licked their wounds after suffering their worst defeat since 1949. Wolfgang Schäuble, the parliamentary leader and Mr. Kohl's anointed heir as party leader, said he would prefer to go into opposition and see the Social Democrats "suffer the consequences of their own mistakes."

The Christian Democrats, who met early Monday morning to assess what went wrong with the election, agreed to move up a party congress to early November to select a new chairman to replace the

outgoing chancellor, who has served as party chairman for the past 25 years.

Theo Waigel, the outgoing finance minister and leader of the Christian Social Union, the Bavarian sister party of the Christian Democrats, announced he

was resigning to accept his share of the blame for the election result. He will be replaced as CSU leader by Edmund Stoiber, the Bavarian premier whose victory in state elections two weeks ago enhanced his prestige.

needing to say exactly what it would yield.

The reaction Monday reflected the only lukewarm support that Mr. Schröder and his center-left Social Democrats won from business leaders during the election.

In theory, all the big industry trade groups said, they are ready to participate in Mr. Schröder's roundtable. But they were nearly unanimous in their attacks on his plans. A roundtable "makes no sense," said Hans-Olaf Henkel, president of the influential Federation of German Industry, if the new government enters the talks with the "preconditions" of rolling back Mr. Kohl's business-friendly policies.

Most German companies want to retain the changes, the Association of German Chambers of Industry and Commerce found in a survey of its 3.2 million member enterprises. "Negotiations over an Alliance for Jobs are no longer goal-

oriented and quickly ended if the declaration of backwards-looking policies that burden the entrepreneurs is put into practice," warned the president of the association, Hans Peter Stihl.

"Whoever socks the companies with new costs burdens the economic climate and threatens the creation of new jobs in Germany," Mr. Stihl said, adding that repeal of existing regulations could inflate already steep operating costs.

Making Mr. Schröder's situation even more difficult, industry trade groups also diverged from Mr. Schröder's inclination to enter coalition talks with the left-leaning environmental Greens instead of the center-right Christian Democrats.

Both Mr. Henkel and Mr. Hundt supported a so-called grand coalition between Germany's two largest parties, with Mr. Hundt scolding a left-leaning coalition that would put the unpredictable Greens in power for the first time.

Together during the election campaign after Mr. Schröder beat him out in a raised-eyebrow competition for the nomination, Mr. Schröder could not ignore that the last SPD chancellor, Helmut Schmidt, was forced out of power largely because the party chairman, Willy Brandt, chose not to put off a rebellion by the party's left-wing — including Mr. Schröder and Mr. Lafontaine — against the missile deployment. The Socialists' Free Democratic coalition partners then changed allegiance to the Christian Democrats, bringing Mr. Kohl to power.

Unlike the Free Democrats of 1982, a disciplined, professional political organization, the Greens whom Mr. Schröder seems likely to govern with are a less formalistic party with an ecological focus split into so-called conventional and messianic tendencies. Both streams rise and fall depending on individual issues, and it is difficult to say if the party would become an unmanageable partner for Mr. Schröder, particularly where issues concerning the economy and environment intersect.

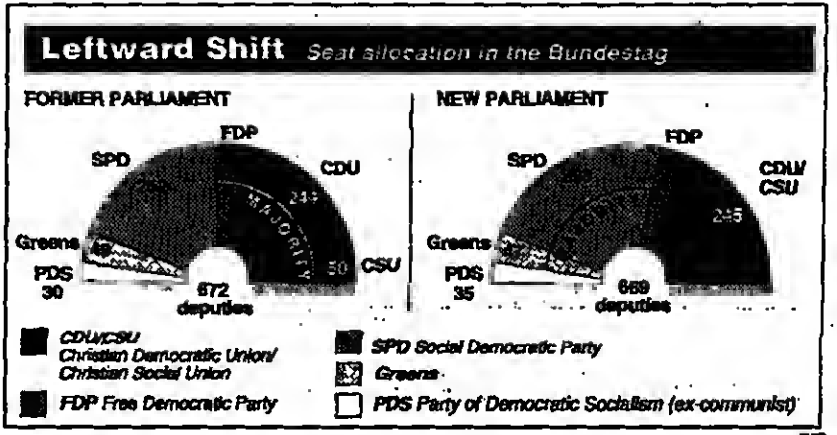
Late in the election campaign, a Greens social affairs expert said that the CDU's cuts in social services, earmarked for reimbursement by the SPD, were fully justified; another Green called for a march on the U.S. Embassy to protest congressional "persecution" of President Bill Clinton.

Franz Münterfering, general manager of the SPD, in saying Monday that the Greens were a possible coalition partner, also insisted that this was assuming their terms for a coalition would be without "craziness."

As governor of the state of Lower Saxony, Mr. Schröder formed a coalition with the Greens and is believed to feel he knows how to work with them, although he does not relish the undertaking. The party has a history of anti-NATO, anti-military and anti-European positions, most of them now mod-



Joschka Fischer, second from right, the Greens' parliamentary floor leader and possible foreign minister in a German coalition, smiling during a news conference he held with other party officials on Monday in Bonn.



POLICY: Industry Threatens to Undermine Talks if Schröder Repeals Kohl-Era Rules

Continued from Page 1

"three corrections" as a pillar of his campaign, railing against Mr. Kohl's policies as examples of social injustice.

Throughout his campaign and again in his victory speech Sunday, Mr. Schröder hailed his "alliance for jobs" roundtable as the top priority of his economic policy.

By reviving a postwar German ritual of social consensus, Mr. Schröder is banking on his vaguely defined alliance initiative to build support a series of unpopular but urgent economic policy decisions. At stake is the competitiveness of the most important European economy and its ability to lure investment and jobs.

German unions urged Mr. Schröder on Monday not to backpedal on inviolating Mr. Kohl's measures. Dieter Schulte, president of the German Federation of Labor, which spent 3 million

Deutsche marks (\$4.8 million) to campaign on behalf of Mr. Schröder, held the candidate to his promise.

The conflict raises the specter that the political paralysis that dogged Mr. Kohl through his final two years could also come to haunt Mr. Schröder. Under Mr. Kohl, unions and Mr. Schröder's party united to block Mr. Kohl's most critical changes in the tax system and the economy.

Mr. Kohl coined the term "alliance for jobs" two years ago when he launched a similar initiative, which foundered on the failure to win union support for a legislative package that is very similar to Mr. Schröder's current plans.

Throughout the campaign, Mr. Schröder used the alliance platform as a way to duck difficult issues. As a populist, Mr. Schröder was able to say he wanted to launch the roundtable, without promises national inclusion, without

needing to say exactly what it would yield.

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He will be freed of minute-to-minute concerns about nuclear conflict, aggressive neighbors and his divided nation.

ified into ambiguity sufficient to allow a red-green alliance. Although Mr. Schmidt and Mr. Kohl could count on the Free Democrats as allies on key issues, Mr. Schröder would be able to find none of this ease with the Greens, particularly where he might need an ally to counter the left wing of his own party.

Perhaps the most uncalculable element that could limit Mr. Schröder's ability to manage the economy and with it, Germany's position as a world player, is the coming passage of decision-making power concerning interest rates from the Bundesbank to the European Central Bank.

Although the Bundesbank has an independent status and reputation for making up its own mind, neither Mr. Schmidt's nor Mr. Kohl's government often disagreed with it — the bank's policy reflected a broad German view, one that might not necessarily include Mr. Lafontaine's visions of controlled markets and cash flows. Because the rates in de facto terms in the years determined by the Bundesbank have been the rates of Europe, Mr. Schröder will have to make economic policy on that the chancellor has direct influence on the bank that will be calling the shots.

The practical effects of this change remain to be seen during the new chancellor's term, but they cannot enhance the ease and speed with which Mr. Schröder resets the course of the German economy and attempts to lower the unemployment level to less painful heights.

Germany's New Look / Shifting Jobs

Leftist Lafontaine Has a Shot at Power

By John Schmid
International Herald Tribune

FRANKFURT — A German wine critic once landed a new vintage as being "as deep red as a Lafontaine speech, only more elegant."

The reference was to Oskar Lafontaine, who is known throughout Germany for his passionate leftist views, and who, as chairman of the Social Democratic Party, now finally has the chance to put his convictions into practice in Bonn.

Gerhard Schroeder might be the party's new chancellor, but no one doubts that the party apparatus belongs to Mr. Lafontaine.

The stocky state premier of the Saarland seized control of the party in 1995 when he engineered a coup at a congress. A fiery orator, he imposed discipline on a fractured and weakened party and then led it to its first national victory in 16 years on Sunday.

As the darling of the party's traditional leftists, Mr. Lafontaine can claim his share of infighting with the pragmatists like Mr. Schroeder. During his years in opposition, Mr. Lafontaine showed a willingness to wield his influence with sometimes devastating force.

For the last two years, Mr. Lafontaine led an effort to block as much of Chancellor Helmut Kohl's legislation as possible, exposing Mr. Kohl as a weak leader but also imposing a complete legislative paralysis on Bonn.

Mr. Lafontaine sees himself as "the great father of the success" of Sunday's election, the newspaper Bild said in a profile Monday.

He unsuccessfully ran against Mr. Kohl in 1990 and could have run again this time but concluded that the more

popular Mr. Schroeder had better election chances.

His most immediate job now will be to help lead coalition talks with Mr. Schroeder. It was Mr. Lafontaine's faction in the party's left wing that pushed the Social Democrats into coalition talks with the environmentalist Greens.

The "Napoleon of the Saar," as Mr. Lafontaine is nicknamed for his likeness to the French emperor, will be able to pick his own role in the new government, party insiders say. The choice appears to be between the Finance Ministry or leader of the party's parliamentary group.

The Finance Ministry, traditionally a bastion of fiscal conservatism, would get



Oskar Lafontaine, left, and Gerhard Schroeder meeting the press Monday in Bonn.

a completely different personality under Mr. Lafontaine, a classic defender of the generous welfare state. He courts the unions as one of the few Germans to advocate a 32-hour work week. His economic views are Keynesian, arguing for wage increases as a way to stimulate spending.

Leader of Losing Party Looks Like a Winner

By John Schmid
International Herald Tribune

FRANKFURT — When Germany's Christian Democrats lurched into the unfamiliar role of opposition after 16 years in power — losing their party boss, Helmut Kohl, along the way — they will at least have a powerful and familiar presence at the helm.

Wolfgang Schäuble, Mr. Kohl's loyal deputy for years, was expected to succeed Mr. Kohl as party chairman of the Christian Democratic Union after Mr. Kohl, taking responsibility for his stinging defeat Sunday, said he would step down after 25 years of iron-fisted party control.

Mr. Schäuble is certain to lead a formidable and forceful opposition. Polls show that Mr. Schäuble, 56, is Germany's most popular and respected

politician, coming out ahead of Chancellor-elect Gerhard Schroeder and far ahead of even Mr. Kohl.

Some outside Germany might identify Mr. Schäuble with the wheelchair that he has used since 1990, when an assassin's bullet turned him into a paraplegic.

Those who follow his career more closely admire the wiry and energetic lawmaker, whose physical disability has never slowed his zeal for his job as Mr. Kohl's parliamentary faction leader.

Mr. Schäuble seldom shies from a confrontation on the floor of the Bundestag, delivering biting rebukes to his critics. He speaks bluntly about the issues that worry many Germans, such as foreign deployment of German troops or changes in the once-luxurious system of universal health care.

The high popularity ratings for Mr. Schäuble are surprising, given his fre-



Wolfgang Schäuble pondering his new role as an opposition leader.

quent warnings that Germans must brace for sacrifices as Germany learns to compete in the new global economy.

The probable ascent of Mr. Schäuble gives the post-Kohl era a pragmatic dealmaker as the new opposition leader. Skilled in the art of compromise, Mr. Schäuble has such close ties to the pragmatists in the rival Social Democrats that he was prepared to lead the Christian Democrats if Sunday's results had forced the Christian Democrats into a "grand coalition" with the Social Democrats.

Mr. Kohl named his protégé as his crown prince years ago, giving Mr. Schäuble the edge over the only other serious contender for party leader, Defense Minister Volker Rühe, the unofficial No. 3 man in the party.

Mr. Schäuble and Mr. Rühe made a point of appearing together on Sunday night to deny any dissent between them.

Mr. Schäuble also said that he felt able to shoulder the burden of the party leader job on top of his key role as its floor leader in Parliament.

Britain Feels Schroeder Victory Gives It a Bigger Role

By Barry James
International Herald Tribune

PARIS — Gerhard Schroeder's election will enable Britain to assume a bigger role in Europe since he is not so committed to the French-German axis as his predecessor, the British foreign secretary, Robin Cook, said Monday.

Mr. Cook said the new German chancellor "will be more open to Britain being one of the major leading powers in Europe."

This is just what worries French political leaders, who are concerned about their country's special relationship with Germany, which has long formed the backbone of the European Union.

The French fought a long and successful battle last year to exclude Britain from the council that will coordinate finances among the 11 countries adopting a

single currency, the euro, on Jan. 1. Dominique Strauss-Kahn, the French minister of economy and finance, has said that the only way for a country to become a leading power in Europe is by adopting the euro. Prime Minister Tony Blair of Britain has said that joining the euro zone will be put to a referendum, but not in the life of the present Parliament, which could remain in office until 2002.

Mr. Schroeder is described as ideologically closer to Mr. Blair than Helmut Kohl was and has called for the creation of a strong triangular relationship with France and the United Kingdom.

Mr. Blair was the first foreign leader to call to congratulate Mr. Schroeder on his victory Sunday and said he welcomed the fact that Britain, Germany and France all had center-left governments that share the same perspective. Hastening to reassure France that he was not abandoning the axis, Mr. Schroeder accepted

an invitation from President Jacques Chirac to visit Paris in the next few days.

Moscow also had reason to be nervous about the arrival of Mr. Schroeder, who has questioned President Boris Yeltsin's fitness for office. Ignoring that remark, a Russian Foreign Ministry spokesman said Moscow hoped to continue close cooperation with the new government through regular contacts.

Turkish commentators welcomed the departure of Chancellor Kohl, holding him responsible for the European Union's refusal to accept Turkey as a member.

Officials said they hoped Mr. Schroeder would be more sympathetic to the membership bid and make it possible for the 2.5 million Turks living in Germany to become citizens or acquire dual nationality.

Mr. Schroeder said that Germany would not alter its foreign policy and that he would consult Mr. Kohl on international issues.

Blair Aide Replies to Party's Left

The Associated Press

BLACKPOOL, England — With leftists flexing muscles at the Labour Party's annual conference, the Treasury chief, Gordon Brown, said Monday that he would stick by strict economic policies that are angering many labor unions.

Mr. Brown wants to keep Britain on track for his target of 2.5 percent inflation, a goal that prompted him last year to take the power to set interest rates away from politicians and give it to the Bank of England.

The bank has tightened monetary policy, drawing protests from British manufacturers, who say the resulting high value of the pound makes it hard to sell their products overseas at a time when inflation is not much of a threat anyway.

But Mr. Brown told the Labour delegates that any short-term pain would be worth the long-term gain of stable growth with few inflationary pressures.

"It is because of our commitment to long-term stability, even more essential at a time of world instability, that from this government there will be no U-turns. No left turns. No right turns," Mr. Brown said.

He added: "I tell this conference there is no other way, no solution, or even comfort, in soft options, no magic wand solution, no quick-fix alternative to these long-term policies for achieving the goals we share."

Although applause during Mr. Brown's speech was subdued, most of the delegates gave him a standing ovation at the end.

Sunday's opening of the conference brought Prime Minister Tony Blair his first setback from within the party since he ended a generation of Conservative Party rule in the May 1997 elections.

Leftists won four of the six seats on the party's National Executive Committee that are chosen by the party rank-and-file. Blair loyalists still command a lopsided majority on the 32-member body.

But he warned the party against returning to the internal wrangling that helped keep Labour long in opposition.

"We have got to trust each other," Mr. Blair told the 1,400 delegates gathered in the Winter Gardens conference center in this north England seaside resort.

Leftists, long sidelined by the centrist "New Labour" policies of Mr. Blair, said they had begun to reassess influence.

Liz Davies, a candidate rejected to the executive committee from the left-wing's "Grassroots Alliance" slate, said the delegates showed that "They care about the politics we stood for — redistribution of wealth and power from the rich to the poor, and democracy and diversity in the Labour Party."

BRIEFLY

Dutch Military Is Exonerated

THE HAGUE — An independent inquiry Monday cleared the Dutch military of trying to cover up its troops' failings in the 1995 fall of the Bosnian Muslim enclave of Srebrenica.

But the inquiry, ordered last month by Defense Minister Frank de Grave, did find "many shortcomings and much carelessness in the information process" following one of the worst debacles in Dutch military history.

Charged by the United Nations with protecting Srebrenica, a group of 300 Dutch soldiers could only look on helplessly as rebel Serbs overran the area in July 1995. More than 6,000 Muslims are believed to have been massacred in the immediate aftermath of the takeover. (AP)

EU Questions an Italian Law

BRUSSELS — The European Commission said Monday that Italy had two months to review the enforcement of a law that allegedly discriminates between Italian residents and foreigners.

The European Union's executive said it was reviewing how Italian law discriminated against a German who lost his license after refusing to pay a fine on the spot for using a mobile phone while driving — an offense in Italy.

An Italian resident would have been able to make a bank transfer later or defer payment while appealing the decision. But the German driver either had to pay the 50,000 lira (\$30) immediately and admit guilt, or pay 100,000 lira as a deposit against a later court decision, the commission said. (Reuters)

British Cattle Get Passports

LONDON — The British government inaugurated a cattle passport system Monday that it hopes will lead to the lifting of the worldwide ban imposed on exports of British beef by the end of this year.

A computer system has been put in place to track British cattle from birth to the abattoir at a cost of £35 million (\$59 million).

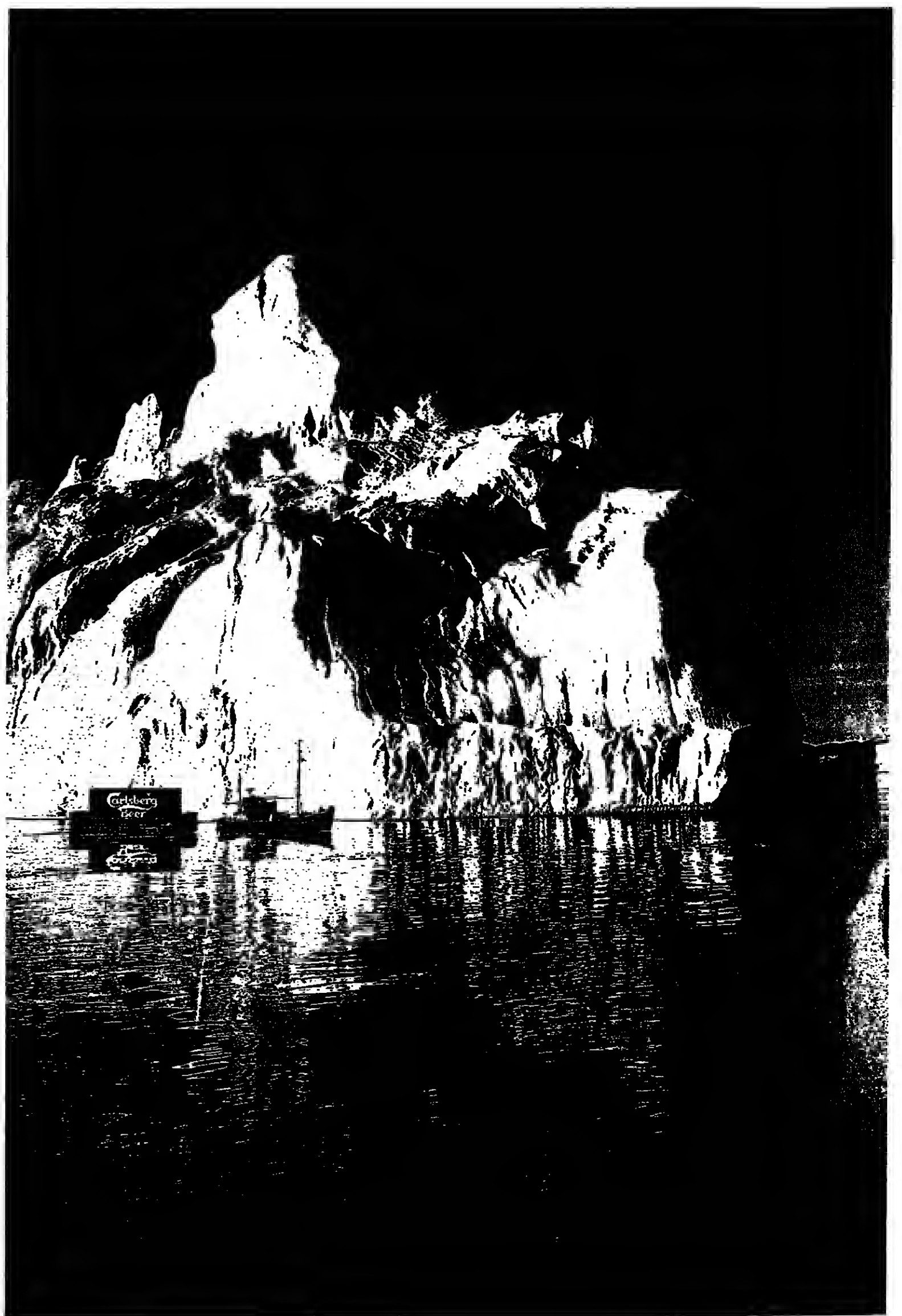
The European Union banned worldwide exports of British beef in March 1996 after the government admitted that there was a probable link between "mad cow" disease, bovine spongiform encephalopathy, and Creutzfeldt-Jacob disease, a fatal brain-wasting condition in humans. (AFP)

Russia Addresses Arms Trade

MOSCOW — Russian officials discussed Monday how to prevent the illegal export of nuclear arms and technology, the Interfax press agency said.

It said Grigori Rapot, deputy secretary of the country's advisory Security Council, had convened a meeting of representatives of several ministries and other state bodies.

Interfax gave no further details of the meeting and officials declined to comment on the report. (Reuters)



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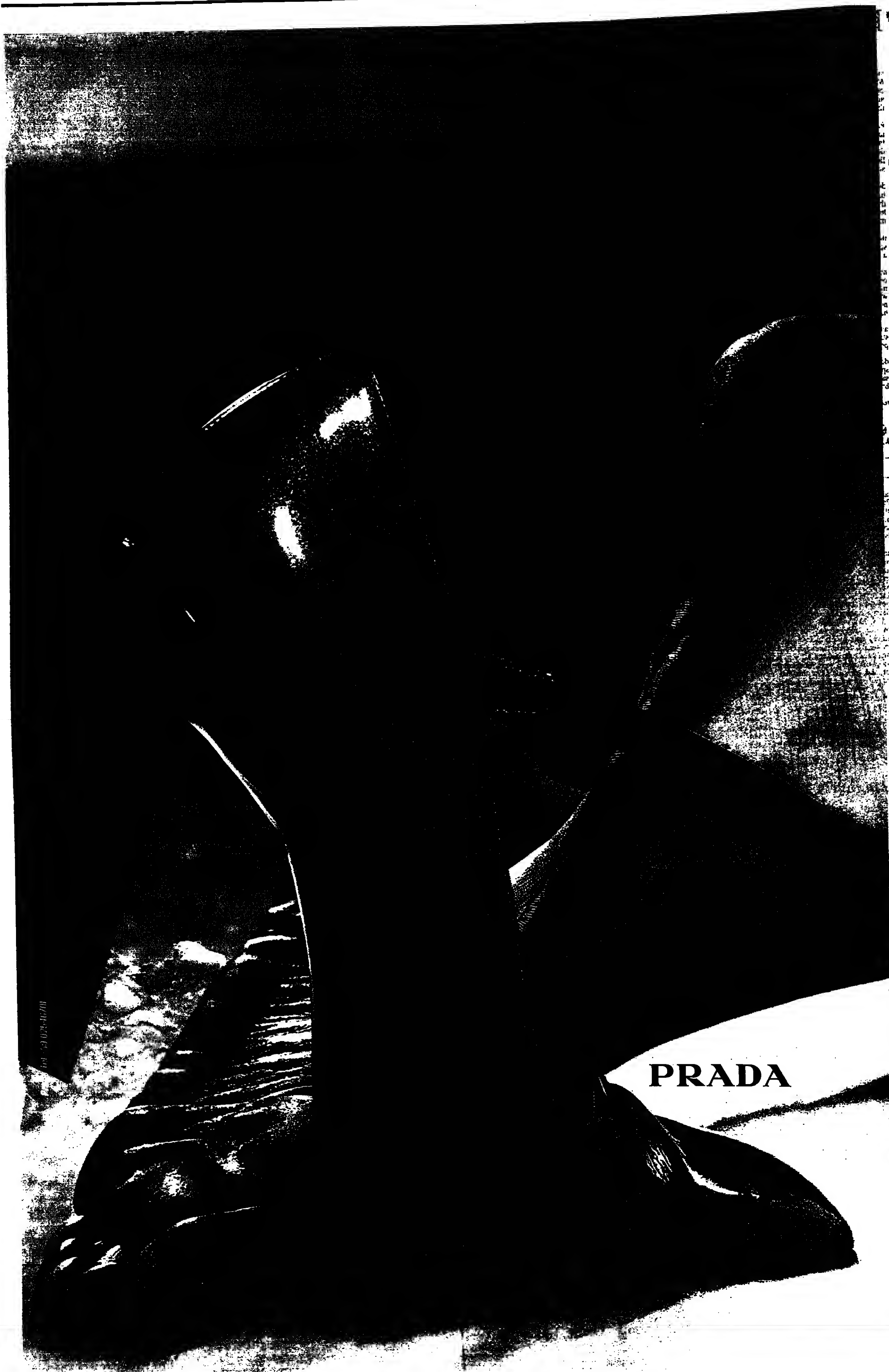
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PRADA

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The bodies of dozens of people were found in a mass grave in the mountains of Bosnia, officials said Tuesday. The bodies were found in a mass grave in the mountains of Bosnia, officials said Tuesday. The bodies were found in a mass grave in the mountains of Bosnia, officials said Tuesday.

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Tax Proposal
Is Under Fire
In Australia

The Australian government's plan to raise taxes on the wealthy has sparked a fierce backlash in the country. The plan, which includes a new tax on high earners, has been widely criticized by the public and politicians alike. The government has defended the plan, arguing that it is necessary to fund social programs and infrastructure. The debate continues as the government seeks to implement the plan.

ASIA/PACIFIC

Dozens Arrested in Malaysia as Riot Police Break Up Protest

KUALA LUMPUR — The Malaysian police detained dozens of people Monday, including the leader of a new opposition coalition, as they broke up a protest in a series of demonstrations in the heart of the capital.

Several thousand protesters called for Prime Minister Mahathir bin Mohamad to step down and shouted slogans in favor of Anwar Ibrahim, the dismissed deputy prime minister, before riot police brandishing tear-gas rifles, batons and shields intervened.

Witnesses said the police beat several dozen protesters on their heads and backs after detaining them. Among those detained was Tian Chua, who leads the Coalition for People's Democracy, which was formed Sunday.

"They used batons to hit them on their heads and backs," said Tian Chua, speaking on a mobile phone from inside a police truck.

Mr. Tian, who also works for the human rights group Sarawak, said he was observing the demonstration as chairman of the newly formed coalition, which groups opposition parties and nongovernmental organizations, when he was detained.

"They arrested a great many people and were very rough, beating demonstrators as they held them up against police trucks," Mr. Tian said.

Mr. Anwar's wife, Azizah Ismail, defied the authorities Monday and spoke in her husband's defense. She said her husband was simply trying to bring change from within the system.

"My husband was just trying to protect the rights of the people who don't

have a big say in the working of the government," she said.

The protest Monday was the fifth in Kuala Lumpur since Sept. 20, when Mr. Anwar led 30,000 protesters through the streets of the capital. He was arrested on the same day.

Riot police had used either tear gas, water cannons or both to break up three of the previous demonstrations. More than 150 people were arrested in the earlier protests.

On Monday, they pursued protesters through the streets surrounding Merdeka (Freedom) Square, the focal point of the civil discontent that erupted earlier this month.

Helmets police brandishing batons were seen chasing protesters up stairs leading to an elevated light rail station and into a restaurant.

Before the police intervened, protesters shouted "Reformasi!" or reform, and "Mahathir Resign" and unfurled banners reading "Mahathir Resign" and "Free Anwar."

They called for the repeal of the Internal Security Act, used to detain Mr. Anwar and more than a dozen of his followers.

Families with children enjoying a national holiday mingled with demonstrators, clapping and singing anti-government songs, before the riot police drove them from the square, which the local authorities have closed for a week starting Saturday.

The district police chief, Zainal Abidin, said the protesters were detained "for holding an unlawful procession and gathering without a license."

Mr. Zainal told reporters after the



Malaysian riot police marching down a main street in Kuala Lumpur on Monday to disperse demonstrators.

demonstration that he did not know how many protesters had been arrested. He said that there were fewer than 1,000 demonstrators among the bigger crowd, estimated by witnesses at several thou-

sand. "As long as they don't cause a disturbance, they can stay here for three or four days. It is a free country," he said.

The latest protest came on the day

before a special session of Parliament, which an opposition leader, Lim Kit Siang, said Mr. Mahathir might use to call a general election.

(AFP, Reuters, AP)

Suddenly, Japan Is Sprouting a Credible Political Opposition

By Nicholas D. Kristof
New York Times Service

TOKYO — Obscured by the mountains of bad debts, by the battles in Parliament, by the growing international frustration at the country's tardiness in confronting its economic problems, something remarkable is happening up in Japan.

It is a genuine, credible political opposition. In a country that for a half-century has been largely a one-party state, it is striking to see a vigorous opposition leader — Naoto Kan, a tempestuous baby-boomer nicknamed Kan the Irritable — assailing the government's policies and forcing it to accept his own instead.

It is unclear whether this is a step toward a two-party system in Japan or simply another in a series of political dead-ends. Japan has tried for years to nurture a genuine two-party system, in hopes of making government more honest and effective, but this has never happened except for brief periods.

Mr. Kan still faces enormous challenges holding his fractious Democratic

Party together, but so far he has managed better than most people expected in forging a broad anti-government alliance. He has seized on the economic crisis to embarrass the government and he clearly hopes to replace Keizo Obuchi in the prime minister's residence.

"Of course we aim for the earliest possible dissolution of Parliament, because the Obuchi government is not the choice of the people," said Mr. Kan, noting that Mr. Obuchi was not elected but was installed by the Liberal Democratic Party between elections.

"Soon, the time will come when it will be apparent to people that the Obuchi administration is deadlocked and cannot achieve anything."

How soon will that be?

"In a few months," Mr. Kan said confidently.

Most other analysts do not see matters quite so clearly. For starters, general elections need not be held for another two years and the Liberal Democrats are so unpopular right now that it is in their interest to try to delay elections as long as possible.

Moreover, while Mr. Kan has shaken

up Japanese politics and is greatly admired as an individual, he is also untested as a national leader.

His Democratic Party has a poor grassroots organization and no clear identity, and while voters are fed up with the Liberal Democrats it is not clear that they would prefer the Democrats.

While the United States and other countries have long hoped for the emergence of an effective multiparty structure in Japan, for now the spectacle in Tokyo has not so much inspired Washington as alarmed it.

The wrangling in Parliament delayed any action on bailing out Japan's crippled banking system, although on Saturday the governing and opposition parties agreed — for a second time — on a joint plan for legislation to stabilize the nation's financial system.

This joint plan is largely based on Mr. Kan's proposals, a rare case in which the political opposition in Japan actually contributed anything to the decision-making process. And so while the clash of political parties may slow Japan's economic recovery, some see it as a milestone in Japan's political develop-

ment. "The whole process may be chaotic and a bit scary, but it's been very helpful for Japanese democracy," said John Neuffer, who writes a newsletter on Japanese politics.

"This is the first time in memory that the opposition is looking like a credible opposition."

For most of the postwar period, the Liberal Democrats presided grandly over the political scene in Japan, with a token opposition provided by the Socialists. In 1993, a schism in the Liberal Democratic Party allowed the opposition to take power briefly if it never formed an effective party.

Then Mr. Kan suddenly appeared on the scene two years ago, serving as health minister and uncovering a scandal in his own ministry. He won raves for seeming to be a take-charge politician who would lead the bureaucrats instead of the other way around.

Mr. Kan also has a rare sense in Japan of how to use television and public relations, while Mr. Obuchi rarely gives interviews and is ineffective when he does. Mr. Obuchi comes across a bit like the Russian prime minister, Yevgeni

Primakov: both rose in one-party systems in which the key to success was impressing superiors rather than charming television audiences.

Mr. Kan has been particularly adept at appealing to the resentments of urban voters ("taxpayers," he calls them) whom the government has traditionally treated as a cash cow to subsidize rural citizens ("tax-eaters," in Mr. Kan's terminology).

Still, one of Mr. Kan's key tests will be whether he can maintain the opposition's unity when the subject is no longer the economic crisis.

The opposition is a mosaic of different political hues and it will be difficult to forge a common front on issues down the road such as legislation defining the degree of military cooperation with the United States.

"We really need a balanced two-party system, but unfortunately, the opposition parties have lots of divisions and fights and personality differences," said Kazuyuki Hamada, a political analyst and writer in Tokyo. "This opposition coalition is very fragile, with so many competing interests."

Tax Proposal Is Under Fire In Australia

Compiled by Our Staff From Dispatches

SYDNEY — The Labor Party said Monday that if Prime Minister John Howard's coalition won in Saturday's general elections, his tax plans would make fresh food too expensive for some Australians.

The Labor leader, Kim Beazley, said the government's planned 10-percent goods and services tax would actually endanger the health of citizens on tight food budgets.

Opinion polls have shown rising opposition to Mr. Howard's tax plan. The goods and services tax, called the GST, would be a kind of value-added tax. Voters have expressed special concern about the impact the tax would have on food prices.

"The GST is an unfair tax on food," Mr. Beazley said after holding up a huge red fish at Sydney's fish market.

"While the value-added tax is unfair across the board, there is no area of it that impacts more on those who are less well off in our community than the impact on food," he said.

"It's a tax, therefore, as well on health because again there is no question that fresh food is better for you."

Campaigning on the Central Coast, north of Sydney, Mr. Howard dismissed Mr. Beazley's remarks as part of a scare campaign.

"The cost of everything is not going up by 10 percent," Mr. Howard said. "Indeed, the average cost of everything is only going to rise by about 1.9 percent."

Opinion polls have shown the two main parties running nearly neck and neck.

While most polls give Labor a slight two-point primary vote lead, its support is believed to be centered mainly in its districts where it already holds safe seats.

Labor needs to win 27 new seats in the 148-seat House of Representatives to gain power — a feat that no party has ever achieved.

If the governing Liberal-National coalition loses, it will be Australia's first one-term government since 1931.

Support for Representative Pauline Hanson's anti-immigration One Nation Party has slipped during the campaign. (Reuters, AP)

Cease-Fire Rings Hollow in Torn Kosovo Village

By Jane Perlez
New York Times Service

PLOCIC, Yugoslavia — First the warning artillery rattled across the valley at about 2:40 Friday morning, sending a message that the Gashi clan instantly understood. They gathered their children and, from the account of Haziz Gashi, who was collecting milk at the time, everyone ran for the forest.

Two hours later, he said, they could see from their vantage point Serb security forces in blue uniforms enter Plocic village, a place where the Gashis, ethnic Albanians of Kosovo, have lived since the last century.

Smoke and flames soon rose through cracking roofs, Mr. Gashi said. In a methodical system of destruction repeated many times over by Serb forces in Kosovo during the last three months, fences and haystacks were laced with benzene and lit; possessions of value — a car, television sets, a satellite dish, an electric oven — were vandalized, and storehouses burned.

On Saturday, many of Plocic's 20 homes were still smoking and a storehouse was engulfed by fire from a floating spark. The smell of charred wood

drifted through gardens still flowering with pink cosmos and yellow dahlias. Surviving cattle rested on ground covered with ash.

A few men, like Mr. Gashi, 42, and his eldest son Burim, 16, and some dazed women and children ventured back to take stock of the toll: "My two cows and two calves are buried under that fallen roof," said Mr. Gashi, staring at a mound of smoking tiles on the floor of his ruined storehouse. "I have little food left. I have no idea where the children and my wife are."

The Serbian government, dominated by President Slobodan Milosevic, announced in Belgrade on Saturday that the military offensive against the Kosovo Liberation Army, aimed at crushing the rebels fighting for independence for the Serbian province, had ended. The declaration came three days after the UN Security Council passed a resolution demanding a cease-fire and NATO said that Mr. Milosevic could face military force if he persisted.

On the ground in the Drenica region of central Kosovo — a stronghold of the ethnic Albanian guerrillas, and one of their last holdouts after a crushing three-month offensive by Mr. Milosevic's

much better-armed forces — the claims of Belgrade rang hollow.

In Plocic on Saturday, tank shelling could be heard about 5 kilometers away and a Yugoslav military helicopter marked with a red cross flew overhead and then back, apparently on a rescue operation for wounded soldiers. Pillars of smoke from burning villages clouded the horizon.

Western diplomats say that the Serbs, with the Yugoslav Army at the forefront, broke the effectiveness of the Kosovo Liberation Army last month. And in hurting the insurgents, Mr. Milosevic has brought devastation to civilians, cowering them back into the sullen obedience he has imposed with massive police and military presence and frequent brutality since stripping administrative autonomy from the Albanians of Kosovo in 1989.

In the Drenica area, where villages are considered most sympathetic to the separatist cause and formed safe havens from which the rebels could stage attacks, more than two dozen villages have been virtually destroyed in the past week, according to Western monitors. This adds to the tally of more than 200 villages described by European Union monitors

as moderately or severely damaged since the Serb offensive began in late July.

From 10,000 to 15,000 people have been pushed out of their homes in the last week, adding to the estimated 250,000 refugees that already existed, according to the UN commissioner for refugees.

The action in Plocic appeared to have been carefully crafted, designed to demoralize and dishearten rather than destroy absolutely everything.

A minimal amount of shelter was left — a roof intact here, walls intact there — so that with some plastic sheeting from humanitarian agencies, some returning villagers might be able to exist for the coming weeks. But snow usually falls in Kosovo in the last weeks of October and it was hard to see how families could live in their shattered homes during the winter.

Qamil Kryeziu, 50, who was a refugee in Plocic, said he had been forced back to the village at gunpoint by the Serbian police who found him in the forest after he fled Friday. He was held for an hour, with his five children and 70-year-old father, and then ordered to return, he said. Mr. Kryeziu said he would sleep in the one room that had survived the fire in the house where he had been squatting after his own house down the road was torched a month ago.

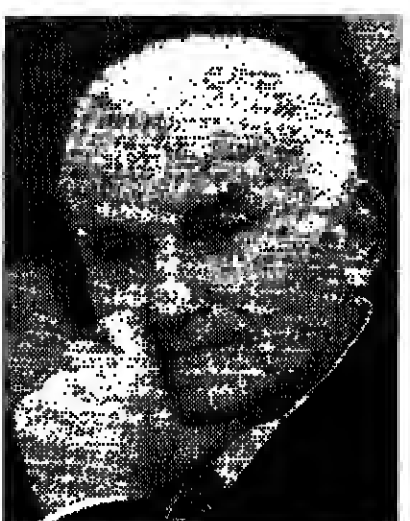
The Gashis insisted that they were too poor to harbor guerrilla fighters or provide them with food. Their village had been part of the Drenica area controlled two months ago by the guerrilla fighters, they said. It appeared they were punished because of that geographical position.

There was no sign of fighting, no spent bullets on the ground, no pockmarked walls. Rather there was evidence that once the residents ran away and the houses were torched, the Serbian forces used the village as a staging ground for firing mortar shells toward the forest. The empty cylindrical packing for about two dozen 82mm mortars lay scattered on the grass.

Because their luck had held so far, the Gashis had hoped they would escape the disaster that had befallen so many other villages. Out of a pragmatic fear for the worst, they had moved many of their belongings into a gully a couple of kilometers away, they said.

Many of the 20 families who live in Plocic had built flimsy shelters of plastic and twigs in the gully and commuted between there and the village when they needed more supplies.

Now, they said, their plastic shelters in the woods were getting too cold and their homes were ruined.



Prime Minister Marjanovic told Parliament on Monday that police units would return to their barracks.

erish should withdraw army units and reduce the numbers of police detachments to levels consistent with normal policing.

If the fighting really is over, the official added, the allies expect to see rapid moves by Belgrade to return ethnic Albanian refugees to their homes.

Serbia, Under a NATO Warning, Says Kosovo Attacks Are Over

Compiled by Our Staff From Dispatches

BELGRADE — Seeking to head off a threatened NATO attack, the prime minister of Serbia declared Monday that what he called "anti-terrorist activities" in Kosovo had ended.

But the Serbian leader, Miroslav Marjanovic, warned that army and police attacks would resume if the ethnic Albanians launched new assaults.

Mr. Marjanovic said at a special session of Parliament here: "As of today, all anti-terrorist activities have ended. They will be renewed only if any new bandit and terrorist activity reappears."

His announcement followed Serbian attacks on villages south of Pristina on Sunday, when Western reporters saw homes burning and civilians fleeing artillery bombardments.

Mr. Marjanovic said that special police units would return to their barracks — a condition demanded by both American and European diplomats.

But by early afternoon Monday there was no evidence of withdrawals.

Enver Maloku, head of the Kosovo Albanian Information Center in

Pristina, said: "It would be a great mistake to believe the Serbian prime minister because every time there is such a declaration, the offensive goes on, dozens more Albanians are killed and thousands forced from their homes."

The separatist Kosovo Liberation Army issued a statement Monday pledging to continue "the holy war" against Serbia and demanding urgent NATO action in Kosovo.

The United States and its allies have threatened air strikes if the Yugoslav authorities did not call a cease-fire in the conflict and open peace talks with ethnic Albanian leaders.

The Yugoslav government, representing Serbia and Montenegro, convened the session of Parliament to condemn international "pressures, threats and blackmail" and to lay out its own proposals for a settlement.

A NATO official said the alliance would be vigilant and cautious. "Milosevic is not off the hook with this declaration," he said, referring to Slobodan Milosevic, the president of Yugoslavia.

The official said the Yugoslav lead-

BRIEFLY

Burma Sanctions: U.S. Stands Firm

BANGKOK — A U.S. envoy said Monday that maintaining sanctions on Burma was an important matter of principle even if it took time to bring results.

The United States imposed unilateral sanctions on Burma in May 1997, including a ban on American investment in that country.

The assistant secretary of state for economic and business affairs, Alan Larson, said in Bangkok, "I think that the sanctions on Burma have demonstrated that there is a very strong committed view among the international community for Burma to respect the rights of its own people and the democratic principles that are very precious to the rest of us." (Reuters)

Protest in China

BEIJING — Three hundred workers at a paint factory in northern China protested Monday outside government offices, calling for unpaid back wages and an investigation into corruption, a human rights group reported.

Workers at the No. 2 Xian Paint Factory said management at the state-owned factory had used it for their personal profit, piling up losses to the factory until it had to close, the Hong Kong-based Information Center of Human Rights and Democratic Movement in China said, adding that workers claimed they had not been paid wages for a half-year. (AP)

Gas Cut in Australia

SYDNEY — Australian industry faced chaos, and millions braced for cold showers Monday after a blast at Victoria state's main gas plant shut down supplies.

Explosions Friday in the production plant operated by Esso left 4 million Victoria residents without hot water or cooking gas and damaged hundreds of businesses.

Unions estimated that as many as 100,000 workers could be without work in the crisis that has rocked Australia's industrial heartland and will reverberate through the economy for weeks. (AFP)

For the Record

Raging battles in northern Sri Lanka have left at least 237 soldiers and Tamil Tiger rebels dead after the guerrillas attacked the military's defense lines, the Defense Ministry said Monday. (Reuters)

Result of Vote Creates Limbo For Slovakia

Compiled by Our Staff From Dispatches

BRATISLAVA, Slovakia — Slovakia remained in limbo Monday as all sides waited to see how Prime Minister Vladimir Meciar would react after the opposition topped the weekend parliamentary election.

Mr. Meciar, who has been widely attacked for flouting democracy, has gone into virtual hiding since Sunday, when election results confirmed that the opposition had won nearly 60 percent of the vote.

With the four opposition parties promising to form a government on the back of that huge majority, and all of them rejecting any suggestion of their working with Mr. Meciar, he might be having trouble coming to terms with what has happened, some analysts said.

"He is not able to accept this debacle," said Miroslav Kusy, a professor at Comenius University here. "It is the psychology of this kind of people."

Mr. Meciar's postelectoral role is important because for months Slovakia's divided Parliament has failed to elect a state president. In the absence of a head of state, Mr. Meciar has acquired important stand-in powers, including the right to recall Parliament, which he must do within 30 days.

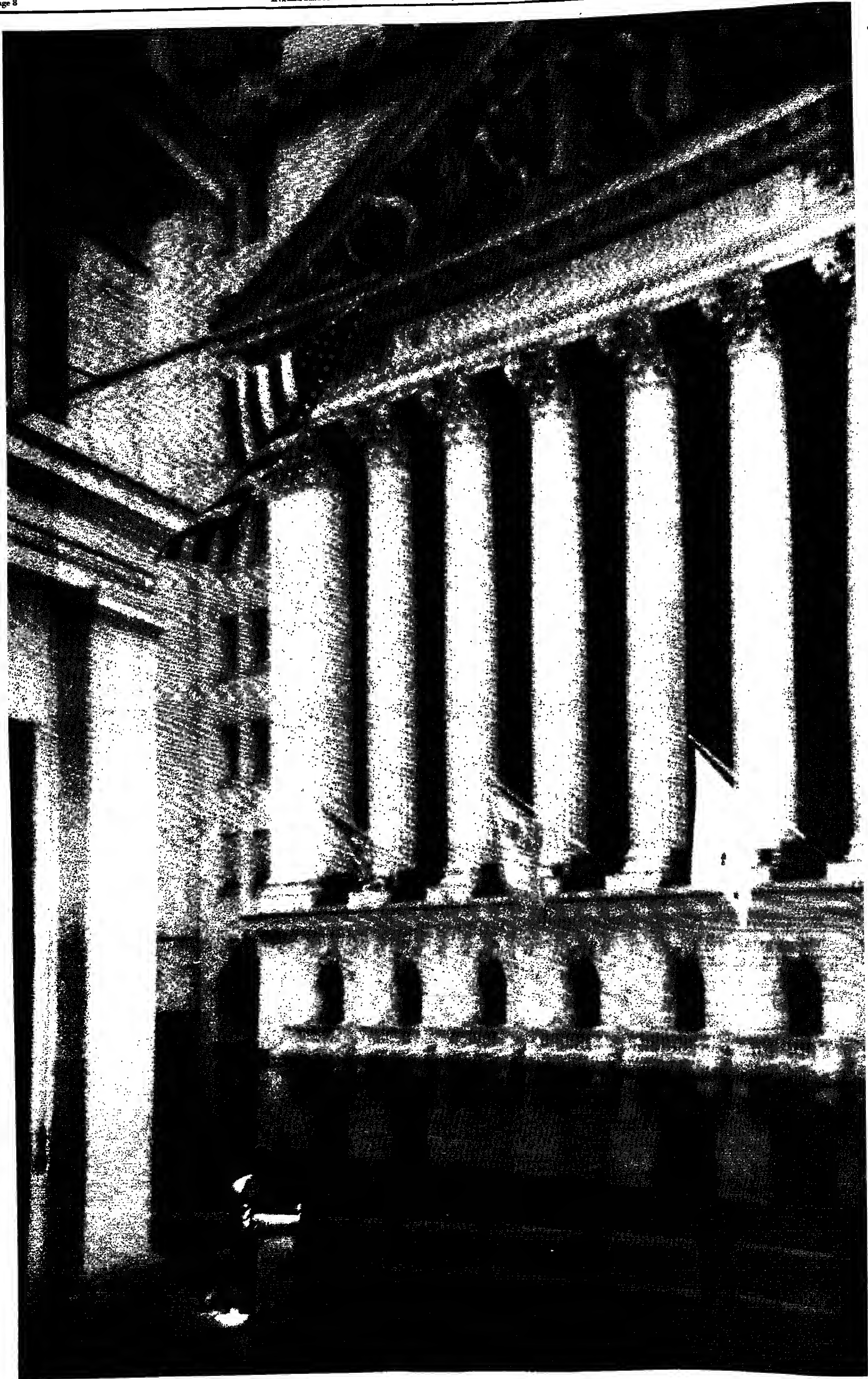
The opposition has called on Mr. Meciar to move swiftly so that it can form a new government without delay.

Although the prime minister has said nothing, Ivan Gasparovic, the chairman of the Parliament, told Slovak television on Monday that the party had yet to decide whether to try to keep power by striking an alliance with another party.

If the opposition parties are as good as their word, Mr. Meciar's party has no chance of forming any of them into an alliance.

The opposition embraces the political spectrum. A government made up of its parties would have 93 of the 150 seats in Parliament, sufficient to push through sweeping political changes.

Mr. Meciar is seen as a stumbling block to Slovakia's entry into the European Union and NATO. (AFP, Reuters)



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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

For the World's Poor

The world's top finance officials gather in Washington this week for the annual meetings of the World Bank and the International Monetary Fund. The parties may be as lavish as ever, or nearly so, but the mood will be sober. Confronted with financial meltdowns and economic slumps in much of the world, the institutions face three major challenges: how to assist in the recovery of suffering nations like Indonesia and Thailand; how to prevent the crisis from spreading to threatened nations like Brazil; and how to improve the management of the world economy in order to prevent future slumps. None of these tasks is easy.

But the complexity and importance of these tasks should not distract the World Bank and the IMF from another mission to which they committed themselves two years ago—debt relief for the very poorest nations. This is a mission that remains, despite many well-intentioned words, unfulfilled. The nations involved, most of them in Africa but some in Asia and Latin America, are too poor to rattle the global economy, as can a Russia or a Brazil. The amounts that each needs are minuscule compared with the billions that have been offered to a Mexico or a South Korea. And precisely because the amounts involved are small, these nations are easy to overlook. But to do so would not only violate commitments undertaken by the two financial institutions—and by President Bill Clinton as well—but would also consign millions of people to unnecessary hardship.

Many countries owe so much money

to the World Bank, the IMF and banks in wealthy countries that they have to keep borrowing just to keep up with interest payments. These debts often result from bad policies of the past. But even when new governments try to implement sounder policies, the burden of debt blocks any progress, putting reform governments in jeopardy and contributing to a vicious circle.

The IMF and the World Bank, led by the United States, Britain and others, agreed two years ago to write off some of the debt of countries that demonstrated competent economic leadership. But the requirements for relief have proved so onerous that only one country, Uganda, actually has received relief so far, and most of the poorest countries are not even close to qualifying.

There are good reasons not to make debt relief easy—among them, that banks will not lend to poor countries if they doubt they will be paid back. There is good reason, too, to the relief to reform. But the balance right now is tipped too heavily against countries that are trying to do the right thing.

Oxfam International has come up with one possible way out: Link debt relief to a nation's promise—to be monitored year by year—that the proceeds will go to primary education, health care and other essential development needs. That, or something like it, should be high on the agenda this week. It has been less than a year since Mr. Clinton promised, in Africa, "to see what I can do to make sure that we give as much aid as we possibly can under this proposal."

—THE WASHINGTON POST.

Poverty in America

The income and poverty figures that the U.S. Census Bureau released the other day were not a lot of help in answering the main income and poverty questions that the United States faces. They showed pretty much what you would expect, given the economic conditions that prevailed last year. With unemployment at a 24-year low, but inflation remaining pleasantly low as well, real incomes were up, and poverty was down. Income inequality remained high but stable.

That is mostly good news, except that last year was not much of a test. The current expansion has been going on since early 1991. The people at the lower end of the income distribution still have not got as much of a lift from it as those at the top; not close.

Nor is it clear what will happen to either income inequality or poverty when the business cycle reasserts itself and the economy turns down. Twenty percent of U.S. households now have half the income; the other 80 percent split the rest. Does that figure get better or worse when the economy falters? After six-plus years of steady growth, a fifth of the children in the country lived in poverty last year. What happens to that figure in a recession?

The people who wrote the 1996 welfare bill panned for gold in the statistics and found a little. "Incomes are up for female-headed families, many of whom have left welfare for work," said Representative Clay Shaw, a principal author. But the Center on Budget and Policy Priorities, a think tank that opposed the bill, drew a different lesson. It noted that, on average, poor families were farther below the poverty line last year than the year before.

"This increase in the depth of poverty... appears to be related to weakening of safety net programs," it said; "the decline in the number of families receiving assistance was much greater than the decline in the number of families that [were] poor. The proportion of poor families receiving basic... assistance... has decreased significantly. The... data... show that the assistance programs lifted substantially fewer children out of poverty in 1997 than in 1995 or 1996."

The fact is that no one knows what effect the welfare bill may have had on poverty last year, much less the effect it may have in a tougher future. Last week's sunny reports do not contain the answer.

—THE WASHINGTON POST.

Cooperate With Russia

Russia's idle nuclear weapons complexes are dangerously short of money, with the result that thousands of skilled scientists and workers are unpaid or unemployed. Some may be tempted to sell their expertise to countries like North Korea, Iran and Iraq that are trying to develop nuclear weapons of their own. But the Russians could put their skills to work for their own country's commercial and social benefit, if funds were provided to train and employ them.

That is the purpose of a welcome new Russian-U.S. agreement signed last week in Vienna. Although the \$30 million funding envisioned for the next budget year is modest compared with the size of the problem, the agreement marks a healthy recognition by both countries that despite political changes in Moscow, they share an urgent interest in containing the spread of Russia's nuclear know-how and materials to other nations.

The money will go mainly toward retaining nuclear scientists for work in private businesses and encouraging the conversion of nuclear weapons and missile plants to commercial operations like the production of auto parts. Future efforts should go further, including conversion to noncommercial work, like cleaning up after nuclear accidents and developing new methods of determining whether arms con-

trol agreements are strictly enforced. Moscow has been looking to create 30,000 to 50,000 jobs for its nuclear weapons workers over the next three to five years. Those numbers have probably increased because of Russia's economic problems.

Ideally, the United States and its European allies should be contributing about \$100 million a year toward solving this problem. The Clinton administration has been proceeding cautiously in deference to congressional conservatives who seem unwilling to recognize that the Cold War is over and that U.S. national security can sometimes best be served by cooperation with Moscow.

Russia and America began cooperating to defuse Cold War nuclear perils even before the end of Communist rule in Moscow. Although the new Russian government led by Prime Minister Yegor Gerasimov is retreating from economic reform, there is no sign of any retreat on arms control issues. In fact, Mr. Gerasimov has announced his intention to press Russia's Parliament to ratify the long-stalled nuclear arms reduction treaty with the United States. The nuclear complex conversion agreement indicates an interest in addressing other aspects of the nuclear weapons problem as well. It is in America's interest to respond generously.

—THE NEW YORK TIMES.

Now It's Sink or Swim With Unknown Schröder

By Josef Joffe

MUNICH — Boredom kills. After 16 years at the helm, Helmut Kohl has suffered the fate that felled John Major after 18 years of Thatcherism and George Bush after 12 years of Reaganism. Germany voted not so much for Gerhard Schröder as against the man who would be king forever.

And rightly so. Longevity in power is not just boring but bad. It nourishes heady visions of infallibility, sapping the ruling party of fresh ideas while demoralizing those who have them.

With Kohlism kaput, Germany's Christian Democrats will go through a long and tortuous succession crisis. They should have known better. After 14 years of Konrad Adenauer, who was forced out in 1963, they descended into a long decline from which they emerged only 19 years later.

But who will lead Germany now? We know so little about Mr. Schröder, 54, because he has told us so little.

He bet and won on boredom while sounding an uncertain trumpet. He has untainted the electorate with delicious morsels of great things to come—of dynamism restored and reformism triumphant. For good reasons, though, he chose discretion over valor.

Unlike his role models Bill Clinton

and Tony Blair, Mr. Schröder presides over a party whose heart continues to beat on the left. The instincts of the European left—what an irony!—have turned conservative.

No wonder. Historically, social democracy has made a living off the all-powerful, all-munificent welfare state, which now disburses half of GDP, as opposed to a bit more than one-quarter 40 years ago. But the twin revolutions of technology and globalization have made short shrift of the old rules.

The name of the game is ruthless adaptation. It is pain, toil and trouble now so that the economy will deliver the "surplus" tomorrow that finances the wherewithal of social justice.

Mr. Schröder knows this, and in their hearts his comrades know it, too. But their message to a rattled nation beset by double-digit unemployment was: You can have it all. We will shelter you against the cruel vagaries of the market; we will even take back those timid labor market and pension rights reforms pushed through by the Kohlists.

But the status quo cannot hold. It is not so much high wages that price Ger-

man workers out of the world market as soaring payroll taxes for the safety net, which gobble up 43 percent of gross compensation. To buy an average hour, a German employer has to pay almost 80 percent on top of wages. Isn't he better off "hiring" a machine?

A government "soaking up half of GDP" does not just crowd out investment and consumption; it comes with a myriad of job-killing regulations. The price is not just 4 million unemployed, but long-term joblessness. The sorry statistics tell us that the longer you are out of the labor market, the harder it is to get back in again.

The Schröderites and their Green allies think that they have a bright idea: reduce nonwage costs by taxing energy rather than by reining in the welfare state. That would be nice if Germany were a modern service economy like the United States. Proportionately, Germany's energy-eating manufacturing sector is twice as large as America's. So jacking up the price of energy will make the German economy as a whole less competitive.

Ecological high-mindedness that merely shifts rather than lightens the tax burden puns the cart before the horse. Jobs, as the U.S. example proves, grow

out of a vibrant service sector. Yet try to keep your store open past 4 P.M. on Saturday, or to start up a business that sells a new gizmo. Or invent a service that defies Germany's medieval craft structure. Rather than slugging it out with the czars of regulation, it is smarter to go on welfare, which remains lavish by U.S. or British standards.

All of this is to belabor the obvious. The point is that Gerhard Schröder's impressive victory is wrapped in a nasty paradox. Those who voted for a new dawn hoped that the left (with a 53.6 percent total) would protect them from the brutal verdict of the global market. Mr. Schröder knows that it is sink or swim, but many of his voters still dream of dikes and dams.

Helmut Kohl long ago gained a place in history as the man who reunified Germany without firing a single shot. Gerhard Schröder has a crack at greatness if he transforms the paradox of his election into the power to lead. If not, it won't be 16 years of Schröderism, perhaps not even four.

The writer is a columnist and the editorial page editor for *Süddeutsche Zeitung*. He contributed this comment to the *International Herald Tribune*.

In Kosovo, It's Not Too Late to Minimize the Damage

By Fred Hiatt

WASHINGTON — Four months and 400,000 refugees ago, Bill Clinton received, and made a number of promises to, a delegation from the independence-minded Yugoslav province of Kosovo. He promised that the United States would not permit Slobodan Milosevic to commit the kind of atrocities in Kosovo that had been perpetrated in Bosnia, recalled the White House guest, editor and political leader Vetan Surroi during a visit to Washington last week.

But as he left the White House that day, Mr. Surroi learned that 10,000 to 15,000 of his countrymen were fleeing their homes after Serbian attacks near Decani.

That was just the beginning. Today, Mr. Surroi reports, more than 400,000 Kosovars—about one-fifth of the population—have been forced from their homes. Between 50,000 and 100,000 are living without shelter in woods and mountains.

Mr. Milosevic's police have destroyed 14,000 homes, razed 400 villages, slaughtered about one-quarter of Kosovo's livestock and burned 10 percent of its arable land.

Mr. Surroi recites these statistics with a journalist's dis-

passion. But behind the dry numbers lies incipient disaster for the ethnic Albanians who make up 90 percent of Kosovo's population, over whom a Serbian minority rule like imperial masters.

The first snow has already fallen. Mr. Milosevic has imposed a food blockade on the renegade province, so that even those with shelter are in jeopardy. As winter sets in, he could accomplish genocide without shooting anyone (although his troops have, Mr. Surroi notes, killed about 1,000 people, most of them civilians).

Throughout this offensive, Mr. Clinton's principal response has been to send an ambassador to Belgrade to ask Mr. Milosevic, please, to stop. Sometimes the ambassador has asked nicely. Sometimes his tone has been firm. Meanwhile, the attacks have continued: Shell a village, loot the houses, burn the crops. Last week another 10,000 civilians were flushed from their homes as Serbian troops shelled a dozen villages at the foot of the Cicavica hills.

Mr. Clinton and his team have concocted one pretext after another for inaction. But, as Bob Dole said last week: "The situation is not complicated. Indeed, it could not be clearer. This is a war against civilians, and we know who is responsible: Slobodan Milosevic."

Last week the UN Security Council demanded a cease-fire. NATO defense ministers threatened military action. Outsiders have been demanding and threatening for so long that no one, certainly not Mr. Milosevic, could have been expected to take much notice.

But there are signs that the administration, realizing how tattered its credibility has become, actually may be moving toward action. In that case, the question will be whether Mr. Clinton wants face-saving cosmetics or a real solution.

Will he fling a few million-dollar missiles in the Serbs' direction and then resume negotiating with Mr. Milosevic? Or will he realize that Mr. Milosevic himself is the problem?

To win the Serbian boss's cooperation in ending the war in Bosnia, the West sacrificed Kosovo and looked the other way as he tightened his police state grip on Serbia. But the strategy cannot work—not

even for Bosnia, where anti-Western nationalists triumphed in recent elections. As long as the chief war criminal wields power from the center, democracy cannot take root in any place under Serbian sway.

This was the conclusion of a long list of Washington foreign policy luminaries who wrote, in an open letter to Mr. Clinton, that "after seven years of aggression and genocide in the Balkans, the removal of Milosevic provides the only genuine possibility of a durable peace."

It is also the conclusion of democratic-minded people inside Serbia—people like Mr. Surroi and Veton Matic, founder and editor of Serbia's independent radio station B92.

The Dayton peace accords, by making Mr. Milosevic a guarantor, helped him retain power, Mr. Matic says. Now, having destroyed much of Kosovo, he might welcome a pact that would make him the guarantor again and buy him more time—while he happily allows the West to provide food for the Kosovars' "he has impoverished and plastic sheeting to replace the walls and roofs he has bombed."

"Then he'll produce a conflict in Montenegro," Mr. Matic says. "This isn't just a question of Kosovo. In Albania, in Macedonia, in the whole region—there can be no democracy as long as Milosevic is in power."

That does not mean that NATO troops should go after Mr. Milosevic himself. It does mean the West should support democracy and civil society within Serbia. It does mean investigating Mr. Milosevic for war crimes, particularly within Kosovo, and arresting his agents in Bosnian war crimes such as Radovan Karadzic.

And it means, in Kosovo, marshaling NATO forces in a serious enough way to ensure the immediate withdrawal of Serbian troops. Negotiations, if any, should not depend on Mr. Milosevic's goodwill, but should take as their starting point—a NATO-enforced self-administration to Kosovo of the return of all refugees to their homes and the return of fundamental human rights to every resident, Serbian and Albanian.

Given the destruction of the past four months, it is too late for President Clinton to talk of keeping his promises. It is not too late to minimize the damage from his having broken them.

The Washington Post.

For American Democracy, Privacy Remains Necessary

By William Pfaff

PARIS — Recent events have delivered a serious blow to personal and judicial privacy in the United States. There cannot be liberty without privacy. It is essential to the mutual confidence among citizens that is necessary to self-government.

The defining characteristic of totalitarianism is its assault on privacy. The individual in a totalitarian state is deprived of privacy in order to destroy his or her liberty.

The publication and broadcast of President Bill Clinton's grand jury testimony was ra-

tionalized by an appeal to transparency. However, the public does not have an unlimited right to know. There is a counterbalancing public interest in the protection of privacy.

This violation of the traditional confidentiality of grand jury testimony, harming not only the president but also Monica Lewinsky, a private person, and other individuals associated with the president, was actually intended to serve partisan advantage and sway public opinion in the run-up to the congressional elections in November.

A description of the president's behavior with Ms. Lewinsky would undoubtedly have come out in the course of congressional deliberations over impeachment, assuming that those take place. That would at least be part of an orderly and constitutional consideration of the issues. It is imaginable—in another House of Representatives, at least—that the lurid details might have been withheld out of respect for the people concerned, and for the public.

The media have their own responsibility to face. Their conduct (since, notably, the Gary Hart affair in 1988) has increasingly been marked by "gotcha!" tactics, which often amount to a form of entrapment, in effect if not in law, not unlike methods used by Kenneth Starr in developing his case against the president.

The prosecutor or the journalist asks questions which intrude into the privacy of another, the other denies the allegation, or the implication is in the question; and the inquiry becomes a no longer ignoble scandal-mongering but has become an investigation into suspected lies or perjury. No one is safe from this.

European critics of the United States like to say that all this is the result of American puritanism. Puritanism certainly has been a deep influence on American civilization, but what is going on now results mainly from the culture wars waged in the United States since the 1960s.

These have subordinated political differences, which by definition are negotiable, to an ideological struggle over values intended to change American society. This combat allows no compromise or negotiation. Sex and scandal are mere weapons of opportunity.

There was in the past a public code of conduct in Washington, and in American society, concerning private lives, which was generally respected, if often in the breach. It was understood that no one's interest was served by overturning a code of public decorum which protected the essential privacy of a civilized society. Today this is condemned as hypocrisy. Nothing now is barred.

The political conflicts of the past were also ruthless, but they served political, class, regional and moneyed interests. Today's ideological wars are aimed at the elimination of enemy ideas from the moral landscape.

The American public does not like this. Its continued support for Mr. Clinton, despite what has been revealed about his behavior, demonstrates popular distaste for what Mr. Starr and Congress have made of the affair.

The public's revulsion against the fanatical partisanship which exists on both right and left (the abortion and homosexual wars, for example, display equivalent fanaticisms) is partly responsible for the extremely low level of electoral participation in the United States today. Expressed public hatred of politicians, as of journalists, is unprecedented. All this is a very bad sign for representative government.

Beyond appealing to an unrecuperable past, I have little that is constructive to propose. Too many interests profit from the present situation. Those who want change are inclined to conclude that they are isolated and that action is futile.

The press, for example, says that competitive pressures make

it impossible not to collaborate in the destruction of privacy. I would say that if the mainstream press, or an influential part of the refused to report unsubstantiated and salacious or scandalous allegations from partisan sources, refused to reprint such reports published elsewhere, and applied a serious standard of public interest to matters involving individual privacy, this could do much to restore responsibility to public life. But who will take such a lead?

Those who did so would be attacked for abridging the people's right to know, although this is a false argument. To defend the people's right to privacy is to defend the people, and to defend liberty.

Congress justified what it has done as allowing the people to judge. Under the existing constitution, it is the duty of Congress to judge.

If Congress and the states want to install government by popular referendum, let them do so. But government by public opinion polls is government by impulsive judgment and unconsidered opinion. Congress is mandated to represent the people, not pander to them.

International Herald Tribune
Los Angeles Times Syndicate

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Poor Journalism

PARIS — [The Herald says in an Editorial:] Two of our confères yesterday [Sept. 28] reflected sadly on the change that has come over part of Paris journalism of late. In the same tone of regret, Henry Foutquier, in the *Echo de Paris*, and Jules Claretie, in the *Journal*, deplore this departure from the good old traditions of French courtesy, gaiety and forbearance. *Autres temps, autres mœurs*, but the new manners are neither an improvement on the old, nor are they likely to edify the public or redound to the credit of journalism.

1923: Train Plunge

CASPER, Wyoming — From forty to seventy passengers were killed or drowned and a hundred others entombed alive in partly-submerged cars, when a passenger train plunged over a

bridge into Cole Creek at midnight last night [Sept. 28]. Cole Creek, swollen to a torrent as the result of a cloudburst, was so powerful that one of the coaches was carried 100 yards by the current. The cloudburst and the floods had apparently weakened the supports of the bridge, which gave way when half of the train had run onto it.

1948: Pacific Insurgent

BATAVIA — The Communist effort to seize the vital Pacific base of Indonesia appeared today [Sept. 28] to be much stronger than the Republic is willing to admit. Communist insurgents apparently hold most of the important Madian Province, whereas the Republic at first admitted only the loss of Madian City. Censorship and the fact that both major news sources are Republican-controlled tend to cloud the news about the ten-day old outbreak.

Herald Tribune

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OPINION/LETTERS

The Third Way to What? We Need Some Direction

By Tony Judt

NEW YORK — Each age has its cliché. Ours is the Third Way. Hardly a week passes without a public figure in Britain, Germany or the United States hailing the coming of the Third Way: the new, "post-ideological" approach to politics and policy-making.

Sociologists theorize about it, policy seminars promote it, presidents and prime ministers bask in the reflected glory of its modest ambitions. No reasonable person can dissent; the bad old days of big projects, of left and right, are gone for good.

The political goals of the Third Way are small goals, and, in the cliché of an earlier age, small is beautiful.

Much of this is bumbling, of course. In the English-speaking world the Third Way is just a new label for an old electoral tactic: "triangulating" between ideas and voters to maximize short-term advantage. Tony Blair's government — the European reference for contemporary effusions about a Third Way — is the natural child of Margaret Thatcher (much as Ronald Reagan begat Bill Clinton). She swung the political pendulum so aggressively against compassion and government intervention that for the first time a government of the "left" could occupy ground somewhere to the right of center and get credit for radical intentions just by standing still and emoting fuzzily.

New Labour's Third Way is opportunism with a human face.

If there were a Third Way, what would it be? Different, presumably, from the First and Second Ways. So what were those? Big government and little government? Communism and capitalism? This is the conventional assumption: that the choice facing us is to be between the free market and all-controlling regimes.

Now that we have abandoned those doctrinal poles, the argument goes, we can resolve their contradictions, pragmatically, with user-friendly governments, free but compassionate markets, the best of all possible worlds in a supermarket of social choices.

Capitalism, however, is a protean form of economic life, already half a millennium old. It is compatible with a multitude of social arrangements. (The United States is a capitalist society, so is Sweden.) But the purest form of capitalist society — unfettered markets and the minimal state — has never existed, and few have sought it. Thus the debate has centered on deciding which social arrangements are desirable and feasible within a market economy.

For continental Europeans, the Third Way is not a new phrase. Between the wars it was the self-description of rural populists in Eastern Europe and was a favorite buzzword of fascist intellectuals everywhere, fascism being the Third Way between capitalist anarchy and Communist dictatorship.

In the 1960s, the Third Way was a short-lived optimistic alternative to official Communist practices, proposed by Hungarian and Polish economists reluctant to abandon completely their faith in collectivism.

Today, in former Communist countries, it is not optimistic but defensive. Advocates of a Third Way defend threatened peasants and workers against the destabilizing impact of exposure to Western competition and the withdrawal of public services.

In Western Europe, the debate between the First and Second Ways has long since lost its meaning. Some form of compromise between unfettered markets and activist big government has been the normal experience of life everywhere since World War II. The precise balance has varied, ranging from capital-labor cooperation through limited state ownership to West Germany's social-market economy.

Until recently these arguments were not contentious. Even today it is hard for politi-

cians to win office without promising to preserve the services to which West Europeans of all classes are deeply attached.

That is why the winner of the German elections Sunday has almost no room to maneuver in domestic policy.

Gerhard Schröder, the leader of the Social Democrats, who defeated Chancellor Helmut Kohl and his Christian Democrats, had campaigned for months on the slogan that he represented the "new middle," while taking care never to say what that meant. Mr. Kohl, meanwhile, had been more outspoken on the need to reduce

dismantling of it risk incurring wrath: Prime Minister Goran Persson of Sweden was forced to hurry back to Stockholm last week, canceling his appearance at a New York academic seminar on the Third Way, after the voters expressed their distaste for his mild fiscal reforms by handing his Social Democratic Party a stinging setback — a nice case of practice trumping theory.

In the long run, perhaps, market forces may triumph. But in the long run, as Keynes reminded us, we are all dead. In the meantime, the Anglo-American Third Way, with its blissful confidence in the dismantling of centralized public services and social safety nets, is the wrong answer to a question that most European voters are not asking.

It is one thing to reduce political expectations in times of prosperity — which is what has happened in the United States and Britain. It is quite another to emphasize the risks of too much government. But the hands-on state has done good things, too.

Unless today's advocates of a Third Way can offer a social vision that transcends their Panglossian economic recipes, they will open a vacuum in public life, a space that will be filled by Third Way-ers of the older sort, whose populist and xenophobic prescriptions are attracting interest in Norway, France, Austria, Eastern Germany and much of Southeastern Europe, not to mention Russia.

More pragmatism in public affairs was never enough. Politics is about more than just processes. It is about outcomes, too. If there is to be a "way" ever enumerated, then it needs to hold out the promise of leading somewhere. Meanwhile, if we must live by clichés, we need a better one.

The writer, director of the Remarque Institute at New York University, contributed this comment to *The New York Times*.

Older Third Way-ers press populist and xenophobic prescriptions in Norway, France, Austria, Eastern Germany, Southeastern Europe and Russia.

spending but had been reluctant to say anything that might arouse voter hostility.

If Mr. Schröder and other European politicians paid lip service to rethinking the state, it is not because they or the voters were searching for a new politics. It is that the expansive postwar years are over and that the children of the baby boom are looking forward to pensions and medical services that their governments cannot afford in an era of much slower growth.

West Europeans have a problem that in this respect is analogous to the more urgent problems facing countries farther east. National policies are driven less by global forces than by local memories. The European welfare state was everywhere a response to the economic collapse of the interwar years and the political disasters that followed.

Politicians who propose even a modest

Mozambique is not a model for Africa, but rather a sad case of excessive aid dependence.

JOHN WEEKS
London.

The writer is director of the Center for Development Policy and Research at the School of Oriental and African Studies, University of London.

Sweden on the Move

Regarding "12 Years After Killing of Palme, Wound Is Open" (Aug. 24):

While recent Swedish history has indeed been marked by tragedies such as the assassination of

LETTERS TO THE EDITOR

Old Russian Habits

Regarding "Into the Trenches to Help a Redeemable Russia" (Opinion, Sept. 22) by Michael McFaul:

The article's repeated call to help the Russians "remain committed to markets and democracy" shows the same naïveté that caused the failure of Western aid: Indeed, Russians are not culturally predisposed to democracy and markets.

How could they possibly be, having had no experience in either for several generations? To the contrary, these generations learned well that survival depended on distrusting their government's declarations and promises, and sub-

verting its rules whenever possible for personal benefit.

Is it any wonder that crime, corruption, and crony capitalism developed much faster than "markets and democracy" and that so much Western aid was quickly funneled to private bank accounts in Switzerland and Cyprus?

GEORGE J. ELBAUM
San Francisco.

Mozambique's Growth

Regarding "The Secret to Mozambique's Potential Success" (Sept. 14):

The facts suggest that Mozambique's growth performance is not sustainable. Through the 1990s,

the trade deficit averaged 20 percent to 30 percent of gross domestic product, which was covered by concessional aid flows averaging more than 75 percent of GDP (based on World Bank figures).

At this level of external assistance — triple the level for any other country in sub-Saharan Africa, much less Latin America or Asian countries — it is hardly surprising that growth is robust. The foreign investment detailed in the article will do little or nothing to close the trade deficit, since it will fund new capital imports, not cover the persistent external gap.

Unless donor countries are prepared to provide such aid to other countries, which they are not,

Mozambique is not a model for Africa, but rather a sad case of excessive aid dependence.

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Sweden on the Move

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BOOKS

BAG OF BONES

By Stephen King. \$29.95. \$28.95. Scribner.

Reviewed by Christopher Lehmann-Haupt

STEPHEN KING seems to me most frightening when the monsters in his stories are psychological instead of supernatural, when they haunt the subconscious instead of the cellar. (See "Misery," "Dolores Claiborne," "Gerald's Game" and several of his novellas and short stories.)

In this respect, his latest tale of horror, "Bag of Bones," gets off to a most promising start. On a very hot day in August 1994, Mike Noonan, a best-selling novelist, casually says good-bye to his wife, Johanna, as she leaves their house in Derry, Maine, to run a shopping errand. "The next time I saw her," she was on TV," Noonan, the novel's narrator, reports. Jo has died suddenly of a brain aneurysm, and, almost as bad, she turns out to have been newly pregnant with the couple's first child, a girl they would have named Kia.

Mike is naturally devastated by his loss. Jo was his best friend and they had tried for a long time to conceive a child. He finds himself weeping uncontrol-

ably and even after the normal mourning period he remains uninterested in making new friends. Worse, he can no longer write the novels that have made him a modest millionaire. (His genre is "Lovely Young Woman on Her Own Meets Fascinating Stranger.")

Every time he sits down to his word processor he is seized with such terror that he sometimes vomits. He hides his problem from his agent and his publisher and to keep up with their demands he is forced to draw on the surplus of manuscripts he has stored in a bank vault.

"Bag of Bones" is full of references to writers, nearly 40 of them by my rough count. Even King's title, "Bag of Bones," is partly a literary reference.

So you quickly come to expect that Noonan's block is the prelude to a major exploration of the writer's unconscious, which would be particularly fascinating coming from King, considering the terror of his turn of mind and the rate at which his material spills out. You think it most significant that one of the novel's epigraphs comes from Melville's "Bartleby," the novella about a scrivener who lays down his pen and utters the famous words, "I prefer not to."

As events turn out, this is not the direction in which "Bag of Bones" is headed. Instead, Noonan begins to have

a repeated awful nightmare about the lakeside house called Sara Laughs that he and Jo used to summer at in western Maine. When he decides that the only way to solve his block and end his nightmare is to go back to Sara Laughs, he becomes embroiled in everything supernatural from poltergeists to telepathy to telekinesis to time travel.

Arriving at his summer home, Noonan meets a charming 3-year-old girl named Kyr (a name too close for comfort to that of his own unborn Kia). Mysterious forces seem to want to kill her to avenge some community crime in the distant past involving the black woman, Sara Tidwell, for whom Sara Laughs was named. As Noonan confronts these forces, the story rises to a powerful crescendo in which the most far-fetched plot contrivances willingly do King's bidding.

Yet as impressive as it may be, the story leaves you with the feeling that it is an afterthought tacked on as a way of avoiding whatever the novel's subject started out to be. Underneath and a little off to the side is the theme that King has introduced but never quite comes to grips with, namely the sources of the impulse to write and whatever stimulates or impedes them.

New York Times Service

CHESS

By Robert Byrne

BEFORE Boris Gulko won the United States Open Championship jointly with Judit Polgar, he was warned up for the Kailua-Kona, Hawaii, tourney by winning the Saintik United States Masters Tournament in Honolulu, July 21 to 29.

In the eighth round, Gulko felled a strong rival, the Georgian grandmaster Eduard Gufeld.

The Pirc Defense with 3...g5 is a typical low-profile hypermodern formation from behind which Black looks for a surprise counterattack on the white center.

The thrust 5...b5, with its threat of

6...b4, is a wing attack on the center. Its second aim is to make it unsafe for white to castle aggressively on the queenside.

Gulko's 7...Nbd7 failed to tempt Gufeld into 8.e5 because 8...b4! 9.e6 10.Qc3 Nf6 11.Qc6 Bc7 12.Qc4 O-O yields Black a promising mating attack with two open files against the white king.

After 9.Qb6, Gufeld was ready to attack the enemy king, but Gulko took the sting out of it by 9...b4 10.Nc2 e5 11.Nb3 Qe7 12.Nf2 Bb7 13.Kb1 O-O-O.

His king was now out of range. After 15.Nc1, Gufeld's stodgy play was revealed by Gulko's grasping initiative in the center with 15...d5!

After 19...f5 20.Nc5 f4!, Gulko created a bridgehead for a knight invasion with 21...Ne3.

After 22...Qb6, Gulko once again preferred to take his chances to combine with a middle game following 23.Qh4, rather than wrestle with an unfavorable ending after 23.Qb6 ab.

After 23...a5, there was no time for 24.Ka1 in view of 24...a4 25.Nd2 h6 26.Nc4 27.Bc4 g5 28.Qe1 Rb8 29.Qf1 Ne3 30.Rd8 Rd8 31.Qe2 Qd4 32.Bd3 c5 33.Rb1 c4 34.Bc4 Qd2 35.Qd2 Rd2 with a won endgame for Gulko.

But after 24.Nd2, Gulko smashed into the enemy king position with 24...Nc3! 25.Bc2! Gufeld could not recapture with 26.Rd2? because 26...bc 27.Bb5 Qb5 28.Kc1 cd is decisive.

After 26.Bc4 bc 27.Bb3 Qd4 28.Rd2 cd 29.c3 Qc3 30.Qf4 Ka8 31.Rd1 Rd8, Gufeld, judging that passive defense would not hold his beleaguered position,

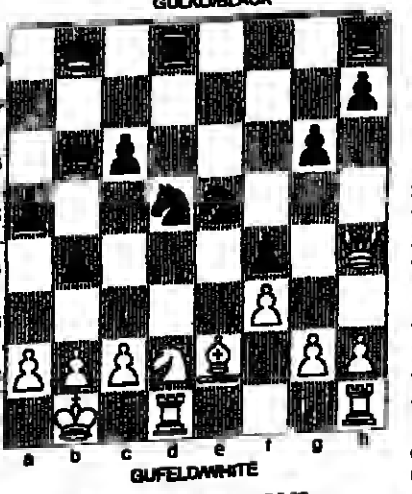
PIRC DEFENSE

White	Black	White	Black
Gufeld	Gulko	Gufeld	Gulko
1 e4	d5	22 Nb3	Qb6
2 d4	Nf6	23 Qb4	a5
3 Nc3	g6	24 Nd2	Nc3
4 Bc2	c5	25 bc	Rd2
5 Qd2	b5	26 Bc4	bc
6 f3	Bg7	27 Bb3	Qd4
7 0-0-0	Nbd7	28 Rd2	cd
8 Bb6	Bb6	29 c3	Qc3
9 Qb6	b4	30 Qf4	Ka8
10 Nc2	e5	31 Rd1	Rd8
11 Nb3	Qe7	32 Qf6	Rb8
12 Nf2	Bb7	33 Rd2	Qd2
13 Kb1	0-0-0	34 Qe5	a4
14 Qc3	Kb8	35 Qe4	ab
15 Nc1	d5	36 Qc8	Ka7
16 de	Ne5	37 Qc7	Rb7
17 Be2	de	38 Qc5	Rb6
18 Ne4	Nd5	39 Qc7	Ka6
19 Qc2	f5	40 Qc8	Kb5
20 Ne5	f4	41 Qd7	Qd7
21 Nb7	Qb7	42 Resigns	

played to open lines for a perpetual check with 32.Qf6 Rb5 33.Rd2 Qd2 34.Qe5.

But Gulko could not be worried; instead of consolidating, he went for more material with 34...a4! After 40...Kb5, Gufeld had just about come to the end of his string of checks. If he had tried 41.Qe8, then 41...Ka5 42.Qe5.

Ka5 ends them. In this line, if 42.Qa8 Ra6, there are also no more checks. So he played 41.Qe7, what is known in clob circles as "the old park bench trick," but Gulko has been around a long time and just snapped off the queen. Gufeld gave up at once.



Position after 24.Nd2

A Leak Here and There: Asians Play the Game

By Sunanda K. Datta-Ray

SINGAPORE — Asians swatched the Kenneth Starr road show with mixed feelings: The plight of President Bill Clinton is a somber reminder of both the power of information and the perils of open government.

While Malaysians may be upstaging Mr. Starr in Asia with a home-brewed steamy mix of sex and politics, Indians fear that the U.S. political scandal might set back their own promised freedom of information bill.

Blessed with Asia's most feisty

S.A. Dange, had promised to cooperate with Britain against Germany in World War II. Dange was no Uncle Tom. It was just that his ideological godfather, the Soviet Union, was aligned with the Allies while nationalist Indians favored Germany, the enemy's enemy.

A researcher was supposed to have turned up the so-called "Dange letter." The skill lay in knowing how to use it. A free flow of information could reduce such scope for blackmail. But it might also yield even more explosive material. Either way, an Indian freedom of information law would be Asia's first.

But the reported move by the Indian Defense Ministry to put its telephone directory in the restricted category assures me that no genuflection at the altar of modernism will make much difference.

Indians do not get excited over "inappropriate relationships." I cannot imagine an Indian parallel to the Clinton, Anwar or Casement dramas. Some lines I found scribbled on a wall in a remote Bengali village more than 30 years ago seemed to capture this relaxed attitude. All the more startling for being in English in a place where the language was virtually unknown, the verse read:

The sins of youth are hardly sins

So frank and free are they. 'Tis but in middle age that we have need of morality.

Of course, Mr. Clinton and Mr. Anwar are both in ripe middle age, but few would buy the argument that information about their alleged sexual peccadilloes is the antidote to political dysfunction.

Asians understand all too well that the name of the game is blackening the reputation of a political player who is inept enough to be caught with his pants down.

The writer, former editor of *The Statesman* in India, is an editorial consultant with *The Straits Times* in Singapore. He contributed this comment to the *International Herald Tribune*.

MEANWHILE

press, the world's largest democracy is so porous that yesterday's bazaar gossip can become tomorrow's state secrets.

The most innocent trivia provokes official paranoia about security. The foreign tourist pointing his camera at the magnificent cantilevered bridge spanning the Hooghly River between Calcutta and Howrah is pounced upon as a spy. It is safer to buy a postcard of the span.

Power lies not so much in the news as in how it is managed — in content, presentation, timing and target. Malaysia's recently dismissed and now detained deputy prime minister, Anwar Ibrahim, who is accused of illicit sex, sodomy and sedition, might complain of a hit-and-run campaign. But Prime Minister Mahathir bin Mohamad can claim to uphold the right to know.

The Malaysian authorities have learned their lesson from Britain, the former colonial ruler. Before executing Sir Roger Casement for treason during World War I, the British government showed the Irish patriot's supposed account of his homosexual adventures to a handful of influential opinion-makers who might otherwise have supported him.

Patriotism is the more potent lever in India, enabling the government of Jawaharlal Nehru to demolish the credentials of Indian Communists during the 1962 border dispute with China. It did so by publicizing a letter in which the Communist leader,

A further 10.5% growth in net income group share to FRF 2.33 billion, as of June 30, 1998

FRF millions	June 30, 1997	June 30, 1998	% change
Net banking income	7,604	8,399	15.6
Operating expenses excluding non-recurring items	-3,914	-4,482	14.5
Operating income before allowances	3,690	3,917	16.7
Net losses and allowances	-525	-693	60.6
Non-recurring items	7	147	rs
Net income before taxes	3,411	3,868	11.5
Corporate income tax	-1,155	-1,324	14.3
Net income	2,109	2,330	10.5

This performance reflects Dexia's strategy of diversifying net banking income coupled with prudent management of risk in line with the group's low risk profile.

- The strong growth reported in net banking income (15.6%) was due to:
 - an increase in net interest income, which rose 7% to FRF 5.8 billion.
 - This favorable trend was the result of the following factors:
 - growth in outstanding loans and stable margins;
 - on the funding side, a move to pass book savings accounts by retail banking customers;
 - the use of funds from the sale of the group's equity interest in BBL.
 - a 36.1% rise in "other income", which totaled FRF 3,034 billion as compared with FRF 2,229 billion as of June 30, 1997, due to growth in net commissions and financial operations.
- The increase in operating expenses was the result of the group's general development and, more particularly, of its international growth. Operating expenses were affected by a non-recurring provision of FRF 244 million for litigation with tax authorities concerning VAT. Excluding this factor, the increase would have been 8.3%.

At 51%, the operating efficiency ratio improved in comparison with the 51.5% reported on June 30, 1997.

- The good performance of the group's three core businesses (financing of public service facilities, commercial banking and asset management) made a significant contribution to the increase in operating income before allowances, which rose 16.7%.

- Dexia's exposure in the five Asian countries now faced with financial difficulties (South Korea, Thailand, Malaysia, the Philippines and Indonesia) totaled FRF 2.2 billion, representing a decrease of 11% from December 31, 1997. The decline was due to the fact that certain short-term commitments reached maturity and were repaid normally. Provisions on these five countries were increased to 22.5% on 30 June 1998.

- The Dexia Group has no risk exposure in Russia. In particular, it holds no outstanding commitments whatsoever (loans or securities) issued by the Russian State.

- In addition to dedicated allowances, Dexia has a general banking risks reserve of FRF 8.7 billion and general provisions of FRF 0.6 billion, which ensure a very high level of security.

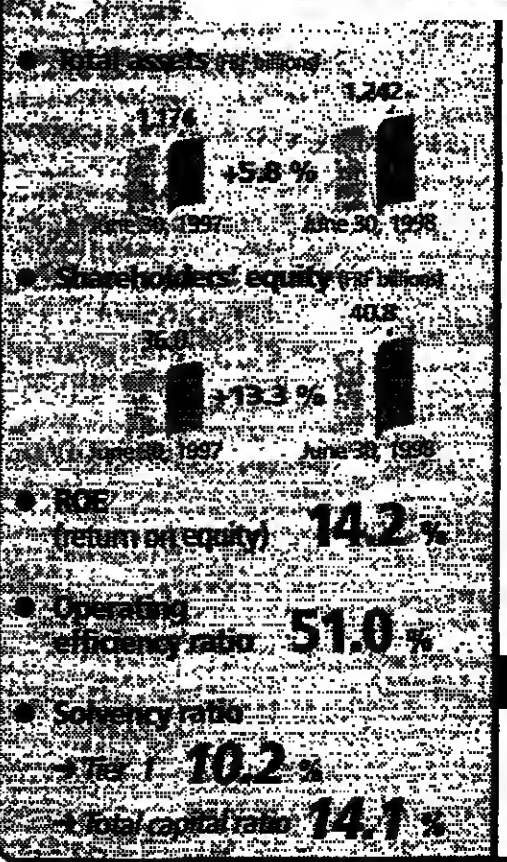
- Non-recurring income amounted to FRF 147 million, principally comprised of capital gains from the sale of real estate in Luxembourg.

- Net income before minority interests totaled FRF 2,483 billion in the first half of 1998, as compared with 2,256 billion as of June 30, 1997, for an increase of 10.1%. After minority interests, net income stood at 2,330 billion, up 10.5% from the FRF 2,109 billion reported in 1997.

In light of the Dexia Group's satisfactory control of risks in all sectors and good business results, the outlook for the year 1998 is favorable. Dexia expects to report yet another increase in income in 1998.

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Style

McQueen Brings Poetry to Britpop Showmanship

By Suzy Menkes
International Herald Tribune

LONDON — "It was the most fantastic show I have ever seen in my life. It was just incredible — it was poetry," said an emotional, exhilarated Alexander McQueen.

The fashion show he was referring to was his own. And he was right.

From the moment the models stomped out on savage stilts of shoes wearing graceful quicksilver drapes, to the extraordinary ending as onstage robots pecked at a dying swan of a dress, splattering its fresh white cotton with black and yellow paint, McQueen staged the triumph of London's fashion week.

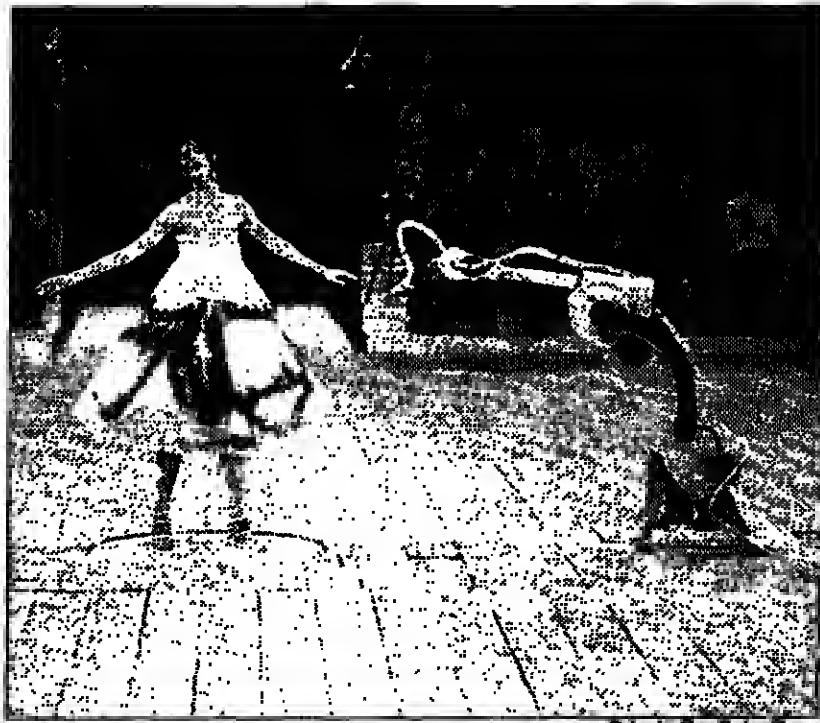
While other designers at the weekend's shows were restrained and refined — so it looked like Cool Britannia was chilling out — McQueen captured the raw aggression of Britpop and the swaggering showmanship of the art scene. But the news was in his sweet, romantic side — all spilling ruffles and snowy linens. And his collection showed the finesse, craft and skill he has learned from Paris couture. The combination of hard/soft, salon/street and Anglo/French was a winner.

That is not to say that the clothes or the show were easy. Some of what McQueen does looks weird: women caged in metallic spirals and silvered hoods; arms banded to the body; breastplates stiff with mirrored mosaic, and those surgical-looking shoes built on a claw heel. Only the astounding creativity and imagination made them halfway palatable.

Yet behind these disconcerting ideas was a purpose. One of the models was disabled, but with her prosthetic legs encased in carved wooden boots she bloomed with the other runway beauties. Far from seeming like fashion's ultimate sensation, the result was noble and thought-provoking.

Perhaps this sensitivity fed McQueen's softer side. He built on his strength as a tailor, showing his signature low-slung pants, now cropped to the calf, and frock coats swooshing to the back like soft sculptures. But the focus was on the draped dresses, lacy Camillea ruffles and openwork cotton skirts that looked milkmaid fresh.

Was it that eccentric English costume party look? No — because McQueen is a futurist, so period elements were abstracted to just asymmetric tiers over one trouser leg or the sweetness was cut by mixing leather halter tops or straps with the soft dresses. Even the most stagey effects, like a paneled skirt made out of fretted balsa wood that twirled on a rotating ring on the runway, had a light-handed, artsy elegance.



McQueen's white dress, with leather strap, spray-painted by robots.

The sheer volume of ideas and their fine execution — with hardly a mishap — was breathtaking. And put in the context of McQueen's other commitments at Givenchy, it shows him, at only 29, in a commanding fashion role.

Other designers seemed less sure-footed. Antonio Berardi is fascinated by craftsmanship and at its best the show had cobweb-light dresses shown with carved bangles, delicate fine-gauge sweaters and skirts made from silken fringes. But the designer's taut leather jackets on a fencing theme looked familiar — even if some were from the new men's line. And there were some real clunkers: puff-sleeved animal print glitter outfits ideal for dolling up a provincial Italian matron; and wicker corsets that made the models look like perambulating cane chairs.

With an Italian lineage and backer, Berardi's style encapsulates the best and worst of that heritage. Exquisite craftsmanship appears as fagoting, tiny pleats ooze silken gingham, mirror embroideries and leather worked like supple cloth. But a peach suede bikini? Leather suits with palazzo tile prints? Chain sandals in 18 karat gold? They were over-the-top and lacking an ironic English touch.

A flustering started in the fashion flock as Clements Ribeiro — a design duo known for quirky pieces and exceptional sweaters — sent out geomet-

ric printed calico outfits that looked like, well, Prada of Milan. Why would they make a bold statement that has been seen so recently on another famous runway — with the same kind of square-cut tailoring — even if they added some black and white zebra prints?

Otherwise, the show scored with brief kilts, with soft peasant blouses with full folkloric skirts and with delicate evening dresses, some with surfaces snipped like paper cutouts to give original effects.

JULIEN MACDONALD'S show was wacky enough to be classified as a typical English offering, what with silver bikinis that looked like pot-scouring pads, a snowball of a skirt here, fringe dangling there, and a stopwinding dress made out of glowing light tubes. The wonder of all this is that it is knitted.

If it had been a college show to prove Macdonald's technical wizardry, he would have won first prize. But there were tantalizingly few of the elegantly crafted two pieces or apparently simple dresses that whispered high fashion rather than shouted high jinks.

As soon as you received the dagger-sharp sequined knife and blue-blood splattered invitation to Sean McGowdu's show you knew he was on the St. Martin's college track: aggressive, an-

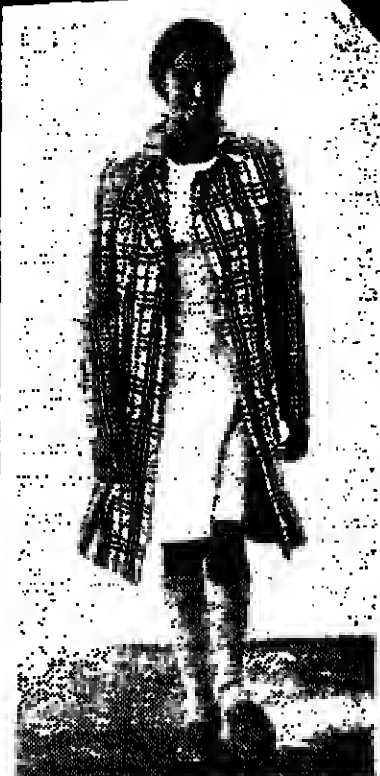


Clements Ribeiro's geometric check and Berardi's silk-fringed skirt.

gular cuts, a hard-edged seaminess and intricate workmanship to create diva effects. So was Tristan Webber, although his vivid colors — red, pink, orange, yellow — artfully inset as geometric patterns had a delicious, upbeat energy and showed fine craftsmanship.

Paul Smith has had a brilliant success with his menswear empire, but he just can't get his new women's collection right. The show he sent out over the weekend was a replica of his Paris men's presentation, where the theme was artists and dealers. But even an exhibition space at the Hayward gallery could not help the lackluster line, where the only hits were simple ideas based on men's shirts, from gingham dresses through fresh white overalls. Smith is a master tailor yet a dunce at skirts. His attempts at open pleats looked both stern and silly. He needs to find a way to translate his irreverent but classic spirit for women.

Vivienne Westwood is the founding



Burberry's skinny trench coat, fine sweater and wrap skirt.

Check Mate

International Herald Tribune

LONDON — Checking out current fashion and refreshing classics with innovative fabrics — that was the story of one of the hottest, hippest collections of London's fashion week: Burberry.

Long mired in the British shires, the look has been transformed in the year since Rose Marie Bravo, former president of Saks Fifth Avenue, took over. By hiring as creative director the Italian Roberto Menichetti, who worked with Jil Sander, Bravo has given staid Burberry an international spin, but without uprooting the heritage gabardine rain coats, leather tailoring and kilts.

Menichetti, who sees the check scarf as "part of my memory," has made the label newly desirable. Think stretch cotton canvas, wrap skirts interlocking, motor cross pants and shades from putty through clotted cream that look classy with or without the signature check.

Suzy Menkes

The Millennium Is in the Detail

By Suzy Menkes
International Herald Tribune



Mulligan's tulle and embellished white shirt.

LONDON — A fresh look for the new millennium? It's a mere detail. That is the message from young London designers who focus on craft and subtle decoration — where their elders have majored in fashion theatrics.

"The next generation is much calmer — you have to be intelligent to attack them," said Roland Mouret, a French designer based in London whose woven silk clothes are hand-crafted, take their form from the body and are decorated with wispy embroidery.

Sometimes the spring collections were small scale and close up, like Mark Whittaker's art gallery display of tulle or bias-cut dresses, care-

fully finished and touched with bright color inlays or narrow ribbon trims. The designer cuts all his own patterns, creates original prints and uses tiny circles of sequins instead of buttons.

Since embellishment was once seen as "women's work," female designers seem sensitive to needlecraft. Tracy Mulligan's debut catwalk collection was beautiful and refined — graceful clothes with interesting textures and appliques of flowers and inserts of lattice ribbons echoing those in the hair.

Elspeth Gibson's gauzy dresses and light cardigans with crystal buttons hit a similar sweet, quiet note, although she didn't need a runway for the peasant blouses, rosebud prints, fondant colors and broderie anglaise trimmings.

Sonja Nuttall has a stronger, nobler women's take. She is fascinated by fashion's craft, showing bastion stitches on tailoring, even giving jackets a sporty, even schoolgirl feel, as they slipped over white shirts or even culotte skirts. Although the show went off on the Japanese designer trail, it had delicate ribbon appliques on skirts and judicious details.

John Rocha showed his strongest collection in seasons by developing a simple but effective embellishment. Patches of tulle were applied to jackets, shirts or dresses, or worn as hip belt or necklace accessories; their lightness and the wispy



John Rocha's lacy sweater and applique belt.

frayed edges blended with fabric or the cobweb and lacy sweaters that are a Rocha specialty.

Owen Gaster tried to take his tailoring forward with asymmetric cutting, which has become a modernist cliché. But his tucks, ruffles and drapes, while not revolutionary, were a neat way of handling new generation decoration.

What is missing among the light-handed but serious young designers is that old lighthearted swinging London fun. The trade fair that runs alongside the shows featured designers who caught the quixotic spirit, often in accessories, like the dainty-but-funky purses by Lulu Guinness or the tongue-in-cheek sweaters at Fake London. An irreverent take on trademark classics included Wedgwood patterns re-drawn with modern shoppers, racing swimsuits remade as dresses and soccer or bowling team sweaters, all made in luxurious boiled cashmere.

And for the ultimate Monty Python fashion scenario, Antoni Alison installed a slide show with a solemn voice-over describing naff architecture and everyday objects in postwar England. They had inspired the collection of purses patterned with electric pylons and sweatshirts that exhorted the wearer to drink more milk, offering something in fashion to smile about.

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SCSP: 31.65 SCSP: 20.67

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Recession Making It Hard To Bail Out Japan The Will See More Losses

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Recession Makes It Hard To Bail Out Japan Firms

'We Will See More' Like Japan Leasing

By Sandra Sugawara
Washington Post Service

TOKYO — The massive collapse of Japan Leasing Corp., which owes at least \$16 billion to financial institutions, highlights the fragility of Japan's financial system and the increasing difficulty the government faces in trying to prevent destabilizing bankruptcies, analysts said Monday.

Japan Leasing applied for court protection from creditors Sunday night, surprising many investors, who had expected its main bank, Long-Term Credit Bank Ltd. of Japan, and the governing Liberal Democratic Party to protect it. Traditionally, the government has supported major banks and their large financial affiliates.

But Japan's current recession, which appears to be worsening, is making that support increasingly difficult, analysts said. In fact, Long-Term Credit Bank is said to be on the edge of bankruptcy, which led the Liberal Democrats and opposition parties to agree over the weekend to nationalize it temporarily, probably next month.

The case of Japan Leasing "sets a precedent" of the main bank not bailing out an important affiliate, said Takuya Nozaki, an analyst at Teikoku Databank, a research company that tracks bankruptcies. Mr. Nozaki said Japanese banks, with more than \$600 billion in loans not being repaid, no longer had enough money to prop up sick companies.

From now on, "we will see more bankruptcies" like this one, Mr. Nozaki said. "Japan Leasing is just the tip of the iceberg."

Economists said that the collapse of Japan Leasing might be a sign that the government was finally ready to allow Japan's economy to begin restructuring. Japan's recovery depends on its ability to close weak firms and redirect funds to companies that can create jobs and wealth. But economists warn that the process will be more painful and disruptive than necessary because Japan has not yet established a framework for dealing with its banking crisis.

More financial institutions are facing bankruptcy, but "without a broad-based framework," that enables the government to act quickly to limit the shock,

said Andrew Shipley, an economist with the investment bank Schroders in Tokyo.

"With one bankruptcy alone, the shock waves are muted," he said. "But this is just the first of many."

The Liberal Democrats and opposition parties agreed to banking reform bills over the weekend intended to establish such a framework. The government plans to submit the bills to Parliament on Wednesday, according to Akinaka Saiki, deputy press secretary to Prime Minister Keizo Obuchi.

Analysts said they were skeptical about the agreement after the government backed away from one reached more than a week ago.

"These guys have no credibility," said Russell Jones, economist with Lehman Brothers. "What the Japanese government says and what it does have consistently proven to be different."

Faced with the prospect that Japan Leasing may not be an isolated incident, creditors across Japan might begin calling in credit lines or taking other precautions to protect their money, analysts warned.

Last week, some creditors of Japan

See JAPAN, Page 20



Philippine Airlines workers marching Monday, before an accord was announced, to demand that the government operate the carrier.

Philippine Air Sets Accord With Unions

Pact Could Allow Carrier to Fly Again Oct. 7

Bloomberg News

MANILA — Philippine Airlines Inc., grounded last week by mounting losses and labor disputes, reached an agreement with its unions Monday under which the airline could be flying again by Oct. 7.

President Joseph Estrada of the Philippines said government mediators had persuaded the unions to swap a 10-year suspension of its right to strike in return for a 20 percent stake in the airline. The workers also will get four seats on the 15-member board of the airline, which is known as PAL.

That was essentially the same proposal that the Philippine Airlines Employees Association rejected twice, prompting the company's chairman and dominant shareholder, Lucio Tan, to close the 57-year-old airline. The new agreement remains subject to ratification by union members.

"PAL will be in a position to resume all of its flights by Wednesday next week," said Ronaldo Zamora, the president's executive secretary. "This is almost a done deal."

But winning rank-and-file approval for the pact may not be as certain as government officials expect. Radio

and television reports quoted some union members as objecting to the suspension of collective bargaining rights.

Under the agreement, the union members would be assured of no pay cuts over the 10-year period.

PAL would be given a freer hand to restructure the airline and cut jobs as it plans a course back to profitability.

The long-term labor pact could clear the way for a much-needed cash infusion for PAL, which has suspended payments on \$2.1 billion in debts. The carrier was losing more than \$1 million a day before shutting down.

PAL officials said last week that Mr. Tan—a media-shy tobacco tycoon who has controlled PAL since 1995—would be willing to pump in more money if employees would agree to the no-strike provision.

Mr. Zamora said foreign investors, including Cathay Pacific Airways Ltd. of Hong Kong and Northwest Airlines Inc. of the United States, might also be interested in investing in PAL. Foreign ownership of an airline is capped by Philippine law at 40 percent.

The new labor agreement was announced on the day Cathay began flying six domestic charter flights to help ease the impact of PAL's closure on the economy.

Two smaller domestic airlines, Cebu Pacific Airways and Air Philippines, also have begun to add planes to plug the vacuum created by PAL's shutdown.

The closure of PAL, the national flag carrier, has caused widespread transport chaos, with thousands of passengers as well as cargo stuck in provincial airports around this country of more than 7,000 islands.

PAL intends to resume flying 22 planes domestically and internationally, Mr. Zamora said. The U.S. Export-Import Bank repossessed one of its Boeing 747-400 jumbo jets in Los Angeles last week after PAL announced it was closing.

Staving off the country's biggest corporate crisis since the Asian currency crisis erupted in July 1997 would be a victory for Mr. Estrada, whose handling of the economy has drawn fire from investors and analysts.

See GPS, Page 20

GPS Technology Guides Many Companies to Profits

By Jim Carrier
New York Times Service

NEW YORK — Moving millions of tons of earth around the Black Thunder coal mine in Wright, Wyoming, has come to resemble playing a video game, except that the score is kept by military satellites high overhead.

Inside the cab of each behemoth D-11 Caterpillar, a computer screen displays a little bulldozer plowing through virtual dirt — red for what needs to be moved and blue for what needs to be covered.

As a global positioning system, or GPS, receiver on the roof tracks the bulldozer's movement across the screen, the operator's job, explained Jim Long, the mine's chief surveyor, is to

"push the red to the blue," creating with light the color green for the desired grade.

"It is really slick," Mr. Long said. "They don't even have to look out the window — except to keep from running over somebody."

Black Thunder, a division of Arch Coal Inc. of St. Louis, Missouri, will produce 47 million tons of coal this year from this mine, about 5 percent of U.S. production.

With coal prices at a historic low of less than \$5 a ton, the GPS gear, linked to a computer-designed mine plan, helps the company achieve crucial new levels of efficiency — whether building roads across the site, uncovering seams or reconstructing the original prairie contour once the coal has been extrac-

ted. "When the company first put GPS units on its bulldozers in July 1997, we had some increases of 30 percent in productivity," Mr. Long said.

"That's a pretty amazing number. It's not that the guy is moving any more dirt. He's getting it to the right place the first time."

Arch Coal is just one of thousands of U.S. companies putting GPS to work, appropriating a system originally intended for military navigation and using it for such commercial purposes as mapping delivery routes, tracking products all the way from factory floor to retail shelf and monitoring the whereabouts of mobile workers.

GPS technology, available for limited civilian use since 1984 but fully operational only since 1995, has be-

come so important to industry that many businesses now consider it a utility like the Internet — an element of infrastructure technology helping fuel the U.S. economic engine.

A Commerce Department study released this month estimates that worldwide GPS equipment sales will reach \$4 billion this year and will double by 2000 and double again, to \$16 billion, by 2003.

In contrast to Japan and Europe, where car-navigation systems are the main users of GPS technology, the commercial market in the United States is dominated by mapping and geographic information systems like that employed by the Black Thunder mine.

Thinking Ahead / Commentary

Crisis Stills Apologists for Corruption

By Reginald Dale
International Herald Tribune

WASHINGTON — One positive outcome of the Asian financial crisis should be a further boost for international efforts to fight bribery and corruption, now increasingly seen as a serious economic and political problem for the many countries where it has taken root.

Until recently, societies in Asia and elsewhere often turned a blind eye to corruption, and some Western economists even argued that it could help developing countries grow by "greasing the wheels" of rigid economic systems.

Now the Asian upheaval has pinpointed the dangers of such dishonesty, commonly defined as the abuse of public office for private gain. Mounting public revulsion against corruption played a key role in the election of new leadership in South Korea at the end of last year and in the subsequent downfall of President Suharto of Indonesia.

And the economic damage wrought by corruption is now clearer than ever. "Crony capitalism," or the granting of economic favors to friends and privileged associates, is widely believed to have contributed significantly to the Asian crisis, as well as to economic disaster in Russia.

A recent International Monetary Fund working paper points out that until the Asian crisis erupted last year,

Indonesia and Thailand, for instance, were often mentioned as countries growing fast in spite of, or even because of, high levels of corruption. The idea was that institutionalized bribery reduced uncertainty — "one knew where to go and how much to pay."

Now, the paper says, most economists believe that corruption is "unqualifiably bad." It skews markets and the allocation of resources by distorting economic incentives and the regulatory role of government, acting as an arbitrary tax, increasing poverty and raising the cost of business, especially for small enterprises.

But it is not just the Asia crisis that is putting the spotlight on corruption. The defeat of communism has both ended the pretense that there was no corruption in centrally planned economies and at the same time created new opportunities for it, most spectacularly in Russia.

The spread of democracy and economic globalization has stepped up demands for unvarnished information from voters and investors, and there is growing pressure on countries seeking investment to show that their economic and political stability is not threatened by corruption.

As recent scandals in Italy, Japan and to a lesser degree France have amply demonstrated, corruption is by no means only a Third World problem. That was confirmed last week by the annual Corruption Perceptions Index of 85 countries, published by Transparency Inter-

national, an influential pressure group fighting corruption worldwide.

Industrial countries, led by Denmark, topped the list of those seen as the least corrupt, while developing nations such as Honduras, Paraguay and Cameroon rated worst. But numerous countries in Central and Eastern Europe had very low rankings, and some West European countries, including Belgium, Greece and Italy, fared poorly.

In the future, Transparency International hopes to focus not just on the countries where corruption happens but on those where, in one sense, it originates. It plans to rate the home countries of the international corporations that are the biggest payers of bribes.

That is an excellent idea. Action against corruption must be taken on the supply side as well as on the demand side.

That means strictly monitoring the recent convention under which industrial countries belonging to the Organization for Economic Cooperation and Development have pledged to join the United States in criminalizing bribery by their corporations overseas. It means encouraging those corporations to apply common codes of ethical conduct.

But the most encouraging development is that it should now be blindingly obvious to the populations of the affected countries that it is in their own best interest to rid themselves of this debilitating disease.

E-mail address: thinkahead@washpost.com

CURRENCY & INTEREST RATES

Cross Rates									
	\$	£	DM	FF	Yen	HK	SG	THB	Other
Australia	1.07	1.22	1.22	1.22	1.22	1.22	1.22	1.22	1.22
Canada	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
France	1.00	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Germany	1.00	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italy	1.00	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Japan	1.00	107.06	107.06	107.06	107.06	107.06	107.06	107.06	107.06
South Korea	1.00	177.80	177.80	177.80	177.80	177.80	177.80	177.80	177.80
Switzerland	1.00	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46
Taiwan	1.00	24.63	24.63	24.63	24.63	24.63	24.63	24.63	24.63
UK	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
US Dollar	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Other Dollar Values									
Argentine peso	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Australian dollar	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Canadian dollar	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Chinese yuan	1.00	8.27	8.27	8.27	8.27	8.27	8.27	8.27	8.27
French franc	1.00	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
German mark	1.00	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italian lira	1.00	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Japanese yen	1.00	107.06	107.06	107.06	107.06	107.06	107.06	107.06	107.06
South Korean won	1.00	177.80	177.80	177.80	177.80	177.80	177.80	177.80	177.80
Swiss franc	1.00	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46
Thai baht	1.00	24.63	24.63	24.63	24.63	24.63	24.63	24.63	24.63
UK pound	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
US dollar	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Forward Rates									
	30-day	60-day	90-day	180-day	360-day	540-day	720-day	900-day	1080-day
Canada	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
France	1.00	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Germany	1.00	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italy	1.00	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Japan	1.00	107.06	107.06	107.06	107.06	107.06	107.06	107.06	107.06
South Korea	1.00	177.80	177.80	177.80	177.80	177.80	177.80	177.80	177.80
Switzerland	1.00	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46
Taiwan	1.00	24.63	24.63	24.63	24.63	24.63	24.63	24.63	24.63
UK	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
US Dollar	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Libor-Libor Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
Canada	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
France	1.00	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Germany	1.00	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italy	1.00	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Japan	1.00	107.06	107.06	107.06	107.06	107.06	107.06	107.06	107.06
South Korea	1.00	177.80	177.80	177.80	177.80	177.80	177.80	177.80	177.80
Switzerland	1.00	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46
Taiwan	1.00	24.63	24.63	24.63	24.63	24.63	24.63	24.63	24.63
UK	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
US Dollar	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Key Money Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
Canada	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
France	1.00	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Germany	1.00	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italy	1.00	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Japan	1.00	107.06	107.06	107.06	107.06	107.06	107.06	107.06	107.06
South Korea	1.00	177.80	177.80	177.80	177.80	177.80	177.80	177.80	177.80
Switzerland	1.00	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46
Taiwan	1.00	24.63	24.63	24.63	24.63	24.63	24.63	24.63	24.63
UK	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
US Dollar	1.00	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71

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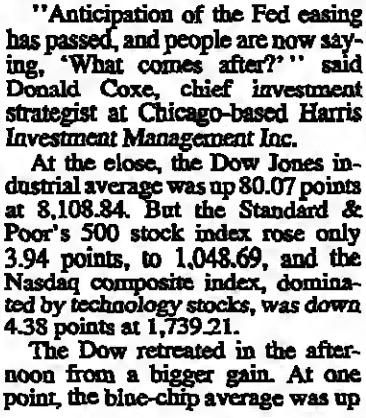
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Blue Chips Rise, but Nasdaq Index Slides



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INTERNATIONAL INVESTING

Funds of Hedge Funds: Expensive, and Not Too Profitable

By Geraldine Fabrikant
New York Times Service

NEW YORK — Hedge funds lost their luster in a big way last week when Long-Term Capital Management, once the brain-trust darling of Wall Street, came within a hair's breadth of bankruptcy and investors were said to be left with 20 percent or less of their stakes.

But even as some giant hedge funds have been tanking, banks, investment firms and private money managers have been aggressively marketing a relatively new type of product that they call a low-risk way to play the hedge fund game. Indeed, if you have \$100,000 or more to invest, your broker or private banker may have already pitched the investment idea: a fund of hedge funds.

The structure is a pretty simple. A fund of hedge funds takes your money and divides it among anywhere from 6 to 80 hedge fund managers — like Long-Term Capital or,

of course, some better-performing fund.

The goal, on the one hand, is to put your money in the care of savvy managers who do not limit themselves to investments as mundane as stocks and, on the other hand, to spread the risk. The managers can sell equities short, making bets that the market will decline. They can invest in currencies, play with derivatives, pile into commodities and make outsized bets on the direction of interest rates. And because hedge funds often use futures, they can pack leveraged punch, giving investors exaggerated returns, good or bad. Their aim is to turn a profit no matter what happens in the stock market.

In funds of funds, the idea is that, because your money is spread among multiple hedge funds, you can avoid volatility.

But how have funds of funds been

performing in one of the rockiest stock markets in recent years? It depends on your expectations. In an awful August, the Standard & Poor's 500-stock index slid 14.5 percent, the Morgan Stanley Capital International World index was down 13.4 percent and the 3,600

In each of the last three years, both the S&P 500 and the mutual funds clobbered funds of hedge funds. In 1997, the S&P 500 returned 33.4 percent and the mutual funds returned 25 percent. Funds of hedge funds gained only 17.6 percent.

Some critics say funds of hedge funds did not offer enough protection during the selloff. Lois Peltz, managing editor of Managed Account Reports, said many were insufficiently diversified and were too heavily weighted in emerging markets.

Gilbert de Bonon, chairman of the London-based Global Asset Management Ltd., which runs hedge funds, funds of hedge funds and mutual funds in the United States and overseas, disagreed. "Overdiversification neutralizes everything you do," he said. Because funds of funds beat their peers during the selloff, they will be

When investing in funds that group hedge funds, the extra layer of managers gets a healthy slice of the cake.

general equity mutual funds tracked by Lipper Analytical Services skidded an average of 16.7 percent. But the 212 funds of hedge funds tracked by Managed Account Reports, a monthly hedge fund newsletter, posted a relatively modest median decline of 6.4 percent.

For the year through Aug. 31, the funds of funds had a median return of 2.3 percent. By contrast, the mutual funds fell 10.3 percent.

heavily weighted in emerging

markets. If the company doesn't offer stops or the client doesn't use them, losses may prompt a margin call asking that more money be deposited.

If the company doesn't offer stops or the client doesn't use them, losses may prompt a margin call asking that more money be deposited.

Currency Trading on Web Offers Unlimited Risk

Bloomberg News

LONDON — Open a currency trading account with International Data Link and win a trip to one of five sunny spots from the Caribbean to Mexico, the Californian company's Internet site said. Just click on the palm tree.

Call the telephone number listed, however, and you'd have found the offer had expired. What was on offer in the promotion, which has since been replaced, was an invitation to transform a \$5,000 deposit into a \$100,000 credit line to wager in foreign-exchange markets.

A new breed of investment company is using the Internet to introduce the masses to currency trading, an investment activity previously available only to the richest and most sophisticated private investors, considered by market regulators to be savvy enough to look after themselves.

The firms offer cheap entry and point-and-click tutorials, though often without even the most basic investor protection.

"I wouldn't touch currency trading with a barge pole," said Richard Comotto, a financial markets consultant and former Bank of England official. "Given that this is outside the scope of normal legislation in many countries, it's an invitation to fraudsters."

Dozens of investors this week filed suit in Texas against Austin Forex International Inc. to try to find out what happened to \$60 million in their accounts. The Texas State Securities Board and the Federal Bureau of Investigation are investigating.

Foreign exchange is a round-the-clock global market where \$1.5 trillion changes hands every day. It is the domain of banks, international companies, hedge funds and a few private clients

who can afford to buy in the \$50,000 to \$1 million blocks dealt by banks.

Until now. With a stake of as little as \$1,000, investors can trade currencies with futures-style leverage that permits them to make big bets for a small initial expense.

Small investors have never seen this type of leverage available in the foreign-exchange market, said Marc Prosser, chief economist at the New York-based Money Garden Financial Group, one of several dozen Internet trading companies. "To be able to take a \$100,000 position with a \$500 investment is amazing. This gives them the potential to make returns they never considered possible."

Or indeed, losses. An investor could use his \$100,000 credit line to buy a "lot" of Japanese yen, at 12.5 million yen, at a rate of 136.50 yen per dollar. An advance

of 1 yen to 137.50, for example, would mean a gain of about \$700 — and the opposite move would cost that much.

At that rate, it does not take many wrong choices to spend everything on deposit, or in the "margin account" — and more. The first line of defense is placing a stop-loss, an automatic sell order.

If the company doesn't offer stops or the client doesn't use them, losses may prompt a margin call asking that more money be deposited.

"You have unlimited liability," said Michael Hecht of London, a long-time client of Currency Management Corp. of Hertford, England. "It's like writing a blank check."

Very briefly:

• British sales of unit trusts and personal equity plans fell 42 percent in August, though they were 17 percent higher than in August 1997, to £410.2 million (\$682.9 million), as stock markets worldwide fell, the Association of Unit Trusts and Investment Funds reported. An association official predicted little improvement for September.

• Aberdeen Asset Management PLC bought Luxembourg-based Aetna International's offshore funds business for \$8 million and will combine the \$270 million of funds with those of its own fund, Aberdeen Atlas.

• GIO Australia Holdings Ltd. is in the market to acquire brokerages, despite its being the target of a takeover bid by AMP Ltd., as the general insurance company seeks to expand the product mix it can offer existing customers.

• Pohang Iron & Steel Co. has arranged a sale of 100 billion won (\$72.6 million) of bonds, its eighth domestic offering this year. "It's more expensive to raise money overseas," a POSCO executive said. The South Korean giant raised \$300 million to \$500 million annually from foreign investors before the Asian financial crisis.

• Indian software stocks rose for a second day Monday on expectations that the U.S. Congress would grant entry to the United States for more foreign programmers, giving Indian companies an advantage in winning contracts, and that profit at top producers such as Infosys Technologies Ltd. and Satyam Computers Ltd. will rise 30 percent in the quarter that ends this month.

• Lebanon Holdings will become the first investment fund traded on the Beirut Stock Exchange when the \$50 million fund, now listed in Luxembourg, begins cross-listing Wednesday, the Lebanese bourse said.

• The Kuwait Stock Exchange will introduce futures trading of some listed companies Saturday, with a half-hour of trades each afternoon for a six-month trial period.

• Finland will expand antitrust oversight Thursday to limit acquisitions involving companies with a dominant market position, the head of the Office of Free Competition said. The office now can act only against actions by a company, not to prevent it from expanding its reach. Bloomberg, Reuters, AFP, AP

NOTICE TO UNITHOLDERS OF FATUM FUND

The Manager of the Captured Trust, with the approval of the Trustee, announces the suspension of the Net Asset Value Calculations for the period from 24th September, 1998 to 31st December, 1998. This suspension of the Net Asset Value Calculation is effected in accordance with Clause 10(A)(ii) of the Trust Deed of the Fatum Fund ("the Trust Deed"). The Trust will thereafter be terminated on 31st December 1998 in accordance with Clauses 34(C)(i) and 34(D) of the Trust Deed. Accordingly, there will not be any lifting of the suspension of the Net Asset Value Calculation after termination.

For any queries, please contact our Sub-Custodian [Butterfield Trust (Hong Kong) Limited at 26/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong. Tel: 2868 1010]

Fatum Investment Management (Bermuda) Limited
24th September, 1998

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The 2,600 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
 The Associated Press

[illegible]

Very briefly:

[illegible]

Continued on Page 21

ASIA/PACIFIC

Seoul to Trim Rates and Inject Funds Into Economy

By Don Kirk
International Herald Tribune

SEOUL — President Kim Dae-jung said Monday the government would pump billions of dollars into the stagnant economy and reduce interest rates to try to ease a credit crunch and revive businesses on the brink of bankruptcy.

Mr. Kim, in a nationally televised two-hour news conference, said the International Monetary Fund had asked for "too much austerity and high interest rates" as conditions for nearly \$60 billion last December.

He did not say how much interest rates should be cut from the present level of 11 percent or 12 percent but said the IMF now agreed with South Korean officials and business leaders that a further cut was needed. The government is believed to want to move faster than IMF officials preferred.

With foreign-currency reserves now exceeding \$40 billion and a current-account surplus expected to reach \$37 billion by the end of the year, Mr. Kim said the government had enough funds to inject \$8.7 billion into banks and spend billions more on public-works projects. The result would be to stimulate demand

and provide work for some of the nation's unemployed, whose numbers are expected to peak at more than 2 million by December.

Aides said the purpose of Mr. Kim's news conference was two-fold: to get across his message as a prelude to the annual meeting of IMF and World Bank officials in Washington next week and to convey a message of optimism to South Koreans going on their four-day

Chusok, or Thanksgiving, holiday, which starts Saturday.

Finance Minister Lee Kyu Sung said Michel Camdessus, managing director of the IMF, had told him South Korea was executing "100 percent" of the agenda the Fund and Seoul had agreed on, even though "we have difficulties changing our mindset" in bringing about reform.

Mr. Kim cited as "one hopeful sign" for South Korea the expect-

ation that the United States will lower interest rates. One result of a decrease, he said, would be that "capital in the United States can come out" and South Korea would get more investment.

South Korean officials were heartened by reports that the United States might lower interest rates by one-fourth or one-half of a percentage point just as a top-level team of Korean officials was preparing for an

18-day international sales trip. Mr. Kim acknowledged that "the situation is very dangerous" but said there was "no possibility of a foreign-currency crisis."

Mr. Lee said South Korea had enough funds to pay back \$36 billion in loans falling due next year and still increase its reserves and current-account surplus.

Some remained skeptical of some of the figures produced by the government. A foreign securities analyst said the government had estimated the total amount of nonperforming loans at somewhere between 100 trillion and 120 trillion won, a figure approaching \$100 billion. He said that figures produced by his employer, which he did not wish to be identified, had put the total of nonperforming loans at several times that amount.

Easing on Cuts in Bank Jobs

South Korea backed away from plans to dismiss 38,000 bank employees, seeking to avert a bank strike before the Chusok holiday, when demand for money is at its peak, Bloomberg News reported.

"We will accept a flexible approach to staff cuts," said Lee Hun-jai, chairman of the Financial Supervisory Commission.

Asahi and Tokai Banks to Ally, but Stop Short of a Merger

Compiled by Our Staff From Dispatches

TOKYO — Two midsize Japanese city banks said Monday that they would form a broad business alliance to help them prepare for increased competition amid the liberalization of the country's financial services sector.

Asahi Bank Ltd. and Tokai Bank Ltd. said that they intended to cooperate in private banking, investment trusts and the introduction of such financial products as derivatives.

The banks said they also hoped to enter a cross-shareholding agreement and eventually set up a joint holding company. But they stopped

short of announcing an outright merger, raising some questions among analysts about the seriousness of the move.

"The phrase 'alliance' conjures up the image of half-baked commitment," said James McGinnis, an analyst at Dresdner Kleinwort Benson (Asia) Ltd. The key is "how aggressively the alliance is managed."

Together, the two banks would be the second-largest financial group in Japan — after Bank of Tokyo-Mitsubishi Ltd. — with more than 61 trillion yen (\$451 billion) in assets.

Asahi and Tokai said that the

alliance would help them cope with the stepped-up competition expected to result from Japan's "big bang" financial deregulation measures.

The two banks said they hoped to cut costs by 50 billion yen (\$368 million) by consolidating operations.

The tie-up is based on the condition that the banks will quickly write off their nonperforming assets.

Tokyo-based Asahi Bank has

total deposits of 20.4 trillion yen. Tokai Bank, based in Nagoya, western Japan, has total deposits of 19.9 trillion yen. (AP, Bloomberg)

China Tells Companies To Bring Funds Home

Bloomberg Business News

BEIJING — In the latest move to protect China's foreign-exchange reserves, the central bank has given domestic companies until Thursday to repatriate foreign currency held overseas and has blocked new loan guarantees by foreign banks, an official said Monday.

"It applies to all domestic companies," said Jia Qing, an official at the State Administration of Foreign Exchange, the agency of the central bank responsible for currency reserves.

China's foreign exchange holdings amount to about \$140.6 billion, second only to Japan's. But the reserves are not rising, despite a monthly trade surplus of almost \$4 billion and foreign investment of more than \$3 billion this year.

Foreign bankers estimate that more than \$30 billion may have been taken out of China in the first half of the year, as investors and businesses prepared for a possible devaluation of the yuan. The yuan is one of the last currencies in Asia still linked to the dollar. China has vowed not to devalue its currency.

The repatriation order is part of a series of measures to stem the outflow of funds. Over the weekend, the Foreign Exchange Administration also ordered measures to prevent unauthorized foreign-currency loans, and at least eight branches of banks in the southern province of Guangdong have had their right to conduct foreign exchange transactions suspended in recent weeks, after irregularities were found in their books.

The Foreign Exchange Administration has warned of severe punishment for executives and officials involved in falsifying documents.

But some Chinese executives say the repatriation order will not work. Zhang Zhu, corporate secretary of Shanghai Lianheng Corp., which trades in sports gear and stationery, said companies would still find methods to hold foreign exchange offshore. Some may simply ignore the order, while others may authorize commission payments to overseas branches for nonexistent middlemen, he said.

New restrictions on foreign exchange are already causing delays, even to routine transactions, said Blair Hopps, general manager of American Standard (Tianjin) Pottery Co. Ltd., which makes ceramic products.

"In the past, transactions involving our headquarters were accepted virtually automatically," Mr. Hopps said. "We now have to supply all the backup paperwork."

Still, the order is not seriously disruptive so far, Mr. Hopps added. "As long as it doesn't go beyond this, it's O.K.," he said.

Some foreign bankers in Beijing said the ban might be enforced only until new rules on loan guarantees are drafted.

Insead Campus in Singapore

Agence France-Presse

SINGAPORE — Insead, one of Europe's top international business schools, said Monday it would open a campus in Singapore in mid-2000 and graduate a first class of about 45 MBAs later that year.

Insead said its first overseas campus would cost 60 million Singapore dollars (\$35.5 million). Construction of the 2.9-hectare (7.2-acre) campus is to begin in November in an area of western Singapore that has been designated the city-state's "Science Hub."

The project is part of the Economic Development Board's drive to make Singapore a global center for excellence in higher education.

Antonio Borges, the dean of Insead, said the Singapore campus would not be a subsidiary or a smaller institution but would parallel the campus in Fontainebleau, France.

Very briefly:

• Taiwan's central bank reduced the reserve requirements of banks by as much as half a percentage point for some deposits, pushing down the weighted average reserve ratio to 7.71 percent from 8 percent. It was the second reduction in two months.

• Vietnam reported a 12.2 percent year-on-year increase in industrial output for the first nine months of the year, to 110.2 trillion dong (\$7.85 billion). Separately, the World Bank said it would lend Vietnam between \$1.1 billion and \$3.2 billion over the next four years depending on how quickly the government implemented its economic-reform program.

• Japan's motor-vehicle exports in August fell 14.1 percent from a year earlier, to 316,318 units, their fourth consecutive year-on-year decline, the Japan Automobile Manufacturers Association said.

• Microsoft Corp. signed agreements with six Chinese independent software vendors, China National Computer Software & Technology Service, NEU-Apico, Founder Group, Sichuan Top Group, Haogzhou Single Electron-ics and Shenzhen Kingdee Software, to provide business applications to corporate customers in China.

• Nissan Motor Co. agreed to sell its stake in Nissan Finance Corp., an Australian auto-finance unit, to GE Capital Australia for 11.04 billion yen (\$81.5 million).

• Broken Hill Pty. said its North American copper operations were no longer considered a core investment but said the company still had no immediate plans to sell the business.

• Wing Tai Holdings Ltd., a Singapore property developer, reported a loss of 136 million Singapore dollars (\$80.5 million) for its latest financial year, compared with a profit of 174.8 million dollars for the previous year, as it set aside money for a fall in the value of properties.

• Singapore Telecommunications Ltd.'s shares fell 3 cents, to 2.73 dollars, after the phone company warned it might have lower profit in 1999 as Asia's economic crisis worsened.

Bloomberg, Reuters, AFP

GET YOUR MIND WORKING WITH PARIBAS



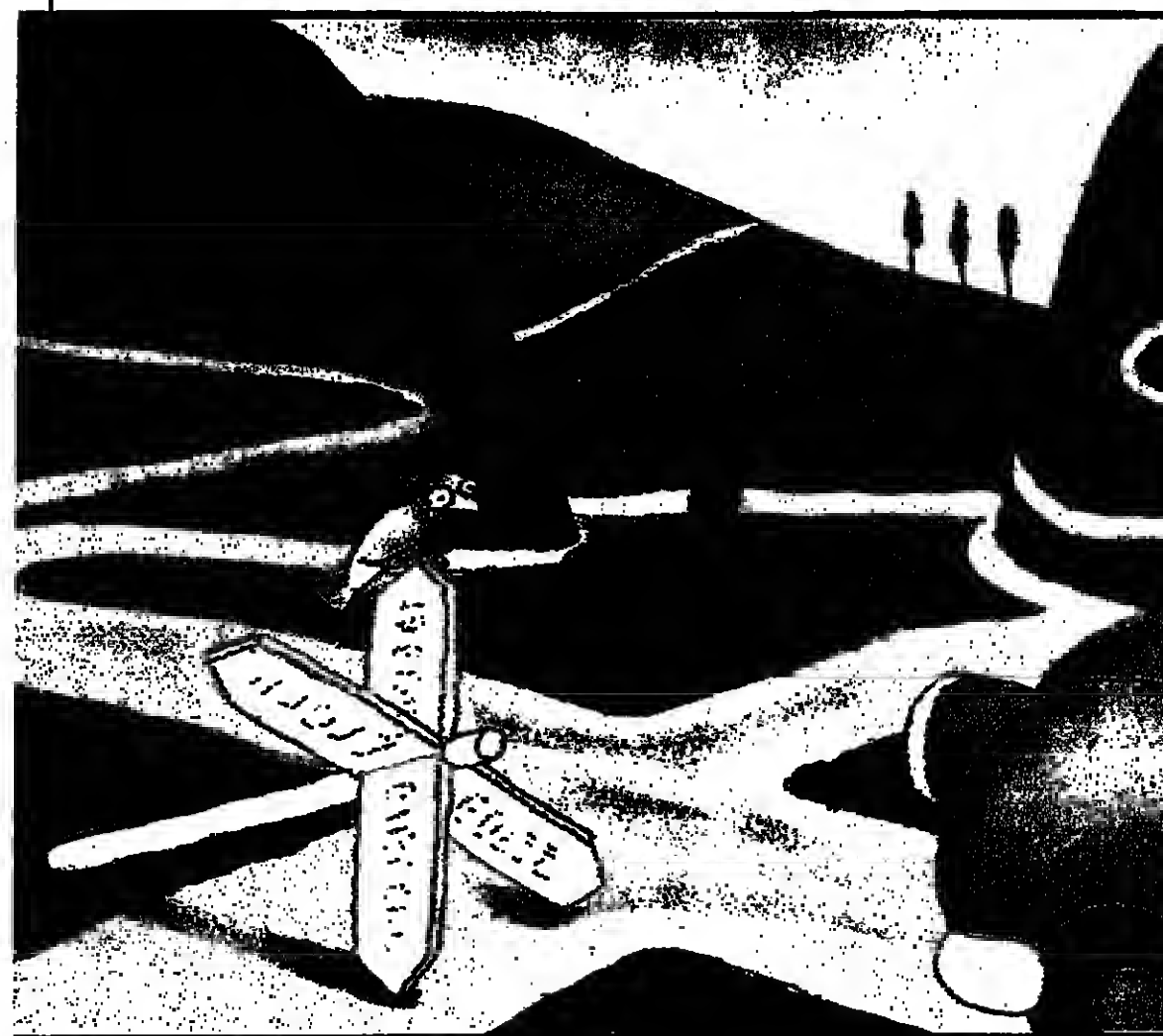
fig. 1
You have no map.
Remember.



fig. 2
You lost your compass.



fig. 3
What good's a cellular phone if you don't know where you are?



LEADING THE WORLD IN THE EURO

Today, it is easy to feel lost when confronted by the future. The financial landscape is shifting before our very eyes. Moving into new territory, as we are with the Euro, is fraught with uncertainty. What you need is a guide who's been this way before.

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PARIBAS Thinking beyond banking

Investor's Asia				
Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	7,946.84	7,701.61	+3.17
Singapore	Strait Times	930.53	923.92	+0.72
Sydney	All Ordinaries	2,591.68	2,563.40	+1.10
Tokyo	Nikkei 225	13,908.37	13,728.84	+1.35
Korea	KOSPI Composite	Closed	387.27	-
Indonesia	SET	253.53	248.93	+2.05
Malaysia	Composite Index	305.73	305.80	-0.19
Japan	Stock Market Index	6,910.51	6,979.89	-0.99
Thailand	PSE	1,238.59	1,215.46	+1.84
Jakarta	Composite Index	275.00	275.22	-0.08
Wellington	NZSE-40	1,716.51	1,708.19	+0.49
Bombay	Sensitive Index	3,205.92	3,223.57	-0.52

FOR INVESTMENT INFORMATION
Read THE MONEY REPORT every Saturday in the IHT.

INTERNATIONAL

Location, Singapore's Prime Asset, Is Now Its Prime Problem

By Claire Leow
Bloomberg News

SINGAPORE — Singapore, with a dearth of natural resources, has prided itself on building a world-class economy no little more than its location astride one of the world's great trade routes.

Now, that location is becoming a problem.

To the south, Indonesia and its 220 million people are grappling with Asia's severest recession. To the north, Malaysia has slapped controls on its currency, the ringgit, and banned the trading of Malaysian shares in Singapore, threatening thousands of finance-industry jobs. Japan, the destination for about 6 percent of Singapore's exports and its second-largest source of investment, is also in the economic doldrums.

"You put all that together, and

there's no way Singapore can escape," said David Carbon, chief Asia economist at Credit Lyonnais Securities (Asia) Pte. in Singapore. "Essentially, Singapore's neighborhood has gone bad."

Singapore's economy, which expanded by 7.8 percent in 1997, could shrink by as much as 6 percent in the first quarter of next year, compared with the first quarter of this year, Mr. Carbon said.

And there is little the country's pro-business government, strong banks and well-trained workers can do about it. "We're looking at a pretty rough next four quarters," he said.

The bad news is already rolling in. Singapore Airlines Ltd., the national airline and the world's most profitable airline, has been hurt by the lowest number of tourist arrivals in 14 years

and a decline in air freight, which has fallen along with trade. In its second half, which ended March 31, profit fell 23 percent to 362.7 million Singapore dollars (\$214 million) from 471 million dollars a year earlier. For the full

Between Indonesia and Malaysia, "Singapore's neighborhood has gone bad."

year, profit will be "eroded appreciably," although the airline probably will escape a loss, its deputy chairman, Cheong Choong Kong, said.

Singapore Telecommunications Ltd., the national phone operator, warned Friday that profit for the year ending in March could fall for the first time in five years, compared with earlier expectations of an increase.

In August, the company's interna-

tional call traffic slumped for the first time year-to-year, reflecting a broader slowdown in services provided to the region. Such calls accounted for 40 percent of its revenue of 4.94 billion dollars the previous year.

[Singapore's manufacturing output contracted 6.6 percent from a year earlier in August, with the downturn affecting output in electronics, engineering and chemicals, Agence France-Presse reported Monday, quoting the Economic Development Board.]

The corporate tales merely reflect the broader picture. Economists say they expect Singapore's economy to expand by just 0.34 percent this year. That is less than the government's forecast of 0.5 percent to 1.5 percent growth, and it comes after a decade of 8 percent annual economic expansion.

The value of its trade is more than three times Singapore's gross domestic product.

The island-state emerged as an economic powerhouse, in part, by building airports and seaports that have been ranked among the world's most efficient. Around that, Singapore painstakingly modeled a financial industry that contributes a quarter of its gross domestic product.

Tan Min Lan, a vice president of corporate strategy and research at Merrill Lynch & Co., said there had been warnings that Singapore's service sector would bear the brunt of the financial and trade disruptions in the region, but, she said, "The pace and extent of the damage has surprised even us."

She recently cut her forecast for Singapore's gross domestic product to a 1 percent contraction in 1999, from an expansion of 0.4 percent.

GPS: Firms on the Beam

Continued from Page 13

Even though GPS gear is installed in virtually all U.S. military vehicles, and the satellite system is run by the Air Force Space Command in Colorado Springs, Colorado, military purchases for GPS now represent just a fraction of industry sales.

"Military uses are swamped by civilian use," said Joe Canny, deputy assistant secretary of transportation and the principal staff person on the government's Interagency GPS Executive Board, which sets policy.

No one apparently has estimated the impact of GPS on U.S. gross domestic product, but the figure must be "enormous," said Scott Pace, an analyst at the Rand Science and Technology Policy Institute and a co-author of the Commerce Department study.

"If you add up the critical industries — oil and gas, financial networks, transportation — you find that GPS is an embedded assumption in the functioning in every one of those things," Mr. Pace said.

Take, for example, time. Carrying atomic clocks that are corrected daily to Naval Observatory standards, the 24 GPS satellites that orbit the Earth about 11,000 nautical miles above the Equator are the largest source of accurate time in the world.

Much of the United States' power grid and all of its long-distance telephone networks, as well as paging and mobile-phone systems, are kept synchronized via software that periodically downloads GPS time, said Dennis McCarthy, director of the Directorate of Time at the Naval Observatory in Washington.

The Naval Observatory's time announcements are accessible over the Internet at: www.usno.navy.mil and from computers around the United States that periodically correct their clocks when an orbiting satellite passes overhead.

GPS time also has become a crucial component of securities trading and many other forms of financial transactions. The Nasdaq trading system, for example, relies on a master clock kept synchronized by a satellite dish in Trumbull, Connecticut, that allows every Nasdaq trade to receive an official time stamp.

The first commercial receiver, in 1984, cost \$150,000, weighed 100 pounds (45 kilograms) and was accurate to within 100 meters (328 feet).

Today, a hand-held GPS receiver costs as little as \$100, and the semiconductor chip sets are small enough that the technology is finding its way into cell phones.

Error-correction techniques have advanced so that specialized GPS devices can be accurate to within the width of a golf ball.

JAPAN: Latest Failure 'Just Tip of Iceberg'

Continued from Page 13

Leasing contacted customers, asking them to send their leasing fees to one creditors and not to Japan Leasing, an action that made it impossible for the company to continue to operate.

Analysts said similar moves at other ailing companies could trigger more bankruptcies and exacerbate Japan's credit crunch.

Hironu Nonaka, the government's chief spokesman, warned Japan Leasing's creditors not to do anything that might make the public feel uneasy, according to Kyodo news service. He also asked the public to refrain from panicking and withdrawing deposits from Japan Leasing's creditors.

Mr. Nonaka said it was vital for the government to pass legislation to prevent the situation from worsening, including a measure to inject capital into weak but viable banks.

The Liberal Democratic Party and the opposition have been tangle over this issue. Originally, the opposition was opposed to such capital injections, saying weak banks should be allowed to fail. Recently, two of the opposition parties agreed that banks that accept healthy loans from a liquidated or nationalized bank should qualify for capital injection. In addition, they said they were willing to consider a framework for capital to be given to weak but viable banks.

NHK television reported that the Liberal Democrats drew up a new capital-injection proposal Monday that would allow the government to buy shares in banks whose capital level fell below international standards.

Kyodo news service said the party had been discussing tripling, to \$222 billion, the amount of money that can be borrowed from the central bank for capital injection.

A few companies revealed Monday how much Japan Leasing owed them, although most declined to comment. Nippon Fire & Marine Insurance Co. said it had \$26 million in outstanding loans. Toyo Trust & Banking Co. reported having \$283 million, and Nippon Credit Bank said \$48 million. Ricoh Co., one of the world's largest makers of office equipment, said its profit would drop 10 percent in the year ending in March 1999 because of billions of yen in losses linked to its stake in Japan Leasing.

RESCUE: Asians Wonder if America Practices What It Preaches

Continued from Page 1

in Long-Term Capital, and had called him to ask seriously about the prospects of getting their investment back.

"If this fund were allowed to fail, it would have affected the confidence of investors," said Paul Lowndes, the secretary of the Hong Kong Association of Banks.

Mr. Lowndes said the hedge fund's near-death experience would have a beneficial effect if it woke up American policymakers to the risks of these largely unregulated investment pools, which place huge bets on the movements of interest rates and foreign currencies.

Hedge funds have become an obsession in Hong Kong, where the gov-



Hiroaki Okamoto, center, president of Japan Leasing Corp., and his lawyers bowing at a company news conference in Tokyo on Monday.

ernment has blamed them for manipulating its currency and stock markets. Last month, the government intervened massively in the stock market in a campaign to punish what it described as a cabal of overseas hedge funds.

Sir Donald Tsang, Hong Kong's financial secretary, has set off on a three-week tour of Europe and the United States to urge policymakers to adopt stricter oversight of hedge funds. Over the weekend, Sir Donald said Long-Term Capital would help him present his case.

"Sentiment has changed around the world on what we should do about monitoring the flow of major hedge funds," he said. "One thing is quite clear: Whether you are a skeptic or a supporter, we have a common problem and

we need resolution because it is going to affect each one of us."

In addition to buying shares, Sir Donald curtailed short selling and trading of futures contracts. He has declined to identify which foreign hedge funds were active in the Hong Kong market. But given Long-Term Capital's size and breadth of investments, it would be a likely candidate.

Malaysia has also cited overseas hedge funds as one of the reasons it recently imposed sweeping capital controls on its markets. Government officials said the sudden massive flows of money into and out of Malaysia were making a mockery of its efforts to stabilize its currency and revive the economy.



STEP OUT OF YOUR WORLD

NYSE

Monday's 4 P.M. Close
Last traded

Symbol	Price	Change
IBM	100.00	+0.12
MSFT	55.00	+0.25
GOOG	275.00	+1.50
AMZN	45.00	+0.10
APPL	120.00	+0.50
ORCL	65.00	+0.20
CRM	35.00	+0.15
INTC	30.00	+0.10
QCOM	40.00	+0.20
TXN	25.00	+0.10
WMT	50.00	+0.15
KROG	40.00	+0.10
CVS	35.00	+0.15
WAL	30.00	+0.10
DIS	25.00	+0.10
PAR	20.00	+0.10
WDC	15.00	+0.10
HPQ	10.00	+0.10
DELL	5.00	+0.10
WYNN	4.00	+0.10
PLTR	3.00	+0.10
SPOT	2.00	+0.10
ETSY	1.00	+0.10
EBAY	0.50	+0.10
AMZN	0.25	+0.10
GOOG	0.10	+0.10
IBM	0.05	+0.10

NASDAQ

Monday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
100.00	99.00	IBM	100	4.5	15	100	100.00	99.00	IBM	100	4.5	15	100
95.00	94.00	Microsoft	95	5.0	12	95	95.00	94.00	Microsoft	95	5.0	12	95
80.00	79.00	Amazon	80	6.0	10	80	80.00	79.00	Amazon	80	6.0	10	80
70.00	69.00	Google	70	7.0	8	70	70.00	69.00	Google	70	7.0	8	70
60.00	59.00	Yahoo	60	8.0	6	60	60.00	59.00	Yahoo	60	8.0	6	60

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
50.00	49.00	Oracle	50	9.0	5	50	50.00	49.00	Oracle	50	9.0	5	50
40.00	39.00	Sun	40	10.0	4	40	40.00	39.00	Sun	40	10.0	4	40
30.00	29.00	HP	30	11.0	3	30	30.00	29.00	HP	30	11.0	3	30
20.00	19.00	Intel	20	12.0	2	20	20.00	19.00	Intel	20	12.0	2	20
10.00	9.00	Motorola	10	13.0	1	10	10.00	9.00	Motorola	10	13.0	1	10

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
9.00	8.00	Verizon	9	14.0	0.5	9	9.00	8.00	Verizon	9	14.0	0.5	9
8.00	7.00	AT&T	8	15.0	0.4	8	8.00	7.00	AT&T	8	15.0	0.4	8
7.00	6.00	WorldCom	7	16.0	0.3	7	7.00	6.00	WorldCom	7	16.0	0.3	7
6.00	5.00	Qwest	6	17.0	0.2	6	6.00	5.00	Qwest	6	17.0	0.2	6
5.00	4.00	Sprint	5	18.0	0.1	5	5.00	4.00	Sprint	5	18.0	0.1	5

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
4.00	3.00	Time Warner	4	19.0	0.0	4	4.00	3.00	Time Warner	4	19.0	0.0	4
3.00	2.00	Comcast	3	20.0	0.0	3	3.00	2.00	Comcast	3	20.0	0.0	3
2.00	1.00	Netflix	2	21.0	0.0	2	2.00	1.00	Netflix	2	21.0	0.0	2
1.00	0.50	Blockbuster	1	22.0	0.0	1	1.00	0.50	Blockbuster	1	22.0	0.0	1
0.50	0.25	Home Depot	0.5	23.0	0.0	0.5	0.50	0.25	Home Depot	0.5	23.0	0.0	0.5

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
0.25	0.10	Wal-Mart	0.25	24.0	0.0	0.25	0.25	0.10	Wal-Mart	0.25	24.0	0.0	0.25
0.10	0.05	Target	0.10	25.0	0.0	0.10	0.10	0.05	Target	0.10	25.0	0.0	0.10
0.05	0.02	Kroger	0.05	26.0	0.0	0.05	0.05	0.02	Kroger	0.05	26.0	0.0	0.05
0.02	0.01	Walmart	0.02	27.0	0.0	0.02	0.02	0.01	Walmart	0.02	27.0	0.0	0.02
0.01	0.00	Costco	0.01	28.0	0.0	0.01	0.01	0.00	Costco	0.01	28.0	0.0	0.01

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
0.00	0.00	Home Depot	0.00	29.0	0.0	0.00	0.00	0.00	Home Depot	0.00	29.0	0.0	0.00
0.00	0.00	Wal-Mart	0.00	30.0	0.0	0.00	0.00	0.00	Wal-Mart	0.00	30.0	0.0	0.00
0.00	0.00	Target	0.00	31.0	0.0	0.00	0.00	0.00	Target	0.00	31.0	0.0	0.00
0.00	0.00	Kroger	0.00	32.0	0.0	0.00	0.00	0.00	Kroger	0.00	32.0	0.0	0.00
0.00	0.00	Walmart	0.00	33.0	0.0	0.00	0.00	0.00	Walmart	0.00	33.0	0.0	0.00

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
100.00	99.00	IBM	100	4.5	15	100	100.00	99.00	IBM	100	4.5	15	100
95.00	94.00	Microsoft	95	5.0	12	95	95.00	94.00	Microsoft	95	5.0	12	95
80.00	79.00	Amazon	80	6.0	10	80	80.00	79.00	Amazon	80	6.0	10	80
70.00	69.00	Google	70	7.0	8	70	70.00	69.00	Google	70	7.0	8	70
60.00	59.00	Yahoo	60	8.0	6	60	60.00	59.00	Yahoo	60	8.0	6	60

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
50.00	49.00	Oracle	50	9.0	5	50	50.00	49.00	Oracle	50	9.0	5	50
40.00	39.00	Sun	40	10.0	4	40	40.00	39.00	Sun	40	10.0	4	40
30.00	29.00	HP	30	11.0	3	30	30.00	29.00	HP	30	11.0	3	30
20.00	19.00	Intel	20	12.0	2	20	20.00	19.00	Intel	20	12.0	2	20
10.00	9.00	Motorola	10	13.0	1	10	10.00	9.00	Motorola	10	13.0	1	10

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
9.00	8.00	Verizon	9	14.0	0.5	9	9.00	8.00	Verizon	9	14.0	0.5	9
8.00	7.00	AT&T	8	15.0	0.4	8	8.00	7.00	AT&T	8	15.0	0.4	8
7.00	6.00	WorldCom	7	16.0	0.3	7	7.00	6.00	WorldCom	7	16.0	0.3	7
6.00	5.00	Qwest	6	17.0	0.2	6	6.00	5.00	Qwest	6	17.0	0.2	6
5.00	4.00	Sprint	5	18.0	0.1	5	5.00	4.00	Sprint	5	18.0	0.1	5

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
4.00	3.00	Time Warner	4	19.0	0.0	4	4.00	3.00	Time Warner	4	19.0	0.0	4
3.00	2.00	Comcast	3	20.0	0.0	3	3.00	2.00	Comcast	3	20.0	0.0	3
2.00	1.00	Netflix	2	21.0	0.0	2	2.00	1.00	Netflix	2	21.0	0.0	2
1.00	0.50	Blockbuster	1	22.0	0.0	1	1.00	0.50	Blockbuster	1	22.0	0.0	1
0.50	0.25	Home Depot	0.5	23.0	0.0	0.5	0.50	0.25	Home Depot	0.5	23.0	0.0	0.5

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
0.25	0.10	Wal-Mart	0.25	24.0	0.0	0.25	0.25	0.10	Wal-Mart	0.25	24.0	0.0	0.25
0.10	0.05	Target	0.10	25.0	0.0	0.10	0.10	0.05	Target	0.10	25.0	0.0	0.10
0.05	0.02	Kroger	0.05	26.0	0.0	0.05	0.05	0.02	Kroger	0.05	26.0	0.0	0.05
0.02	0.01	Walmart	0.02	27.0	0.0	0.02	0.02	0.01	Walmart	0.02	27.0	0.0	0.02
0.01	0.00	Costco	0.01	28.0	0.0	0.01	0.01	0.00	Costco	0.01	28.0	0.0	0.01

High	Low	Stock	Dr	Yld	PE	100	High	Low	Stock	Dr	Yld	PE	100
0.00	0.00	Home Depot	0.00	29.0	0.0	0.00	0.00	0.00	Home Depot	0.00	29.0	0.0	0.00
0.00	0.00	Wal-Mart	0.00	30.0	0.0	0.00	0.00	0.00	Wal-Mart	0.00	30.0	0.0	0.00
0.00	0.00	Target	0.00	31.0	0.0	0.00	0.00	0.00	Target	0.00	31.0	0.0	0.00
0.00	0.00	Kroger	0.00	32.0	0.0	0.00	0.00	0.00	Kroger	0.00	32.0	0.0	0.00
0.00	0.00	Walmart	0.00	33.0	0.0	0.00	0.00	0.00	Walmart	0.00	33.0	0.0	0.00

هذا من الأصل

WORLD ROUNDUP

Cycling Physician Accuses Colleagues

CYCLING Two-thirds of the doctors in cycling give their athletes increasingly sophisticated drugs as the riders race for more money, the medical chief of the Belgian cycling federation said Monday.

"There are too many people operating in bad faith and they drag down the others," Dr. Joost De Maesseneer said. He said he hoped an International Cycling Union meeting in the Netherlands on Oct. 6 would take steps to start cleaning up the sport, which was hit hard last summer by a drug scandal at the Tour de France, its premier event.

De Maesseneer's comments came after the Brussels daily Het Nieuwsblad reported that the Belgian federation had issued a formal complaint against Eric Ryckaert, the doctor for the Festina team, for his involvement in the Tour scandal.

Ryckaert was jailed during the Tour after more than 400 doping products, including the endurance-enhancing drug EPO, were found in a Festina team car. The team was expelled from the Tour. (AP)

Italian Official Resigns

OLYMPICS Mario Pescante resigned Monday as president of the Italian National Olympic Committee amid a scandal over testing for banned performance-enhancing substances.

Pescante announced his resignation in the face of growing criticism from sports and government officials over Italian media reports that some doping tests were not conducted as required.

"I've made this decision to restore calm in the atmosphere and not because I believe I have responsibility" for any lax testing, he said.

Allegations about rapid muscle growth among Italian soccer players sparked a series of investigations into the use of growth-enhancing substances among the nation's players. One, for the Committee's antidoping commission, ended in August without finding evidence of illegal drug use. But it did find that the use of legal muscle-builders was widespread. (AP)

Last 'Flying Finn' Dies

ATHLETICS Viljo Akseli Heino, the last of the track stars known as the "Flying Finns," has died at age 84, the International Amateur Athletic Federation said Monday.

Heino died Sept. 15 in Tampere, Finland's third-largest city, according to an IAAF statement. The cause of death was not given.

Although Heino was not as well known as Paavo Nurmi and Viljam Rintala, he set a world record for 10,000 meters of 28:38.6 at a race in Helsinki in 1944. (AP)

Survivors Square Off As the Playoffs Start

Cubs and Giants Play Extra Game for Wild Card

The Associated Press
And now, the real fun begins: the second season, otherwise known as the playoffs.

While the Atlanta Braves, winners of the National League East Division, awaited the winner of a one-game playoff Monday night between the San Francisco Giants and Chicago Cubs to determine the NL wild-card berth and their opponent Wednesday in Atlanta, all other playoff teams were preparing for their best-of-five series set to begin Tuesday.

Randy Johnson will pitch the opener for the Houston Astros when Tony Gwynn and the San Diego Padres visit in an NL first-round.

In the American League, the Boston Red Sox will try to break their streak of 13 straight postseason losses when they play at Cleveland, while the New York Yankees are home to take on Texas.

The Yankees won a league-record 114 games, breaking the mark of 111 by Cleveland in 1954. Only the 1906 Chicago Cubs of the National League won more (116).

"We're not interested in records," the Yankees manager, Joe Torre, said. "That's not what we're all about. I remember the 1954 Indians. They set the record for wins in a season, but they lost the World Series to the Giants in four straight."

"Sure, there's pressure to win the World Series, but it isn't any more pressure than what we put on ourselves. The bottom line is that our goal every year is to win the World Series."

David Wells, who pitched a perfect game this season, will start for New York. Todd Stottlemyre, whose father, Mel, is the Yankees pitching coach, will start for the Rangers. The Yankees were 8-3 against the Rangers this year.

"You look at what they've done over the course of a 162-game season," the Texas manager, Johnny Oates, said. "The only thing more amazing is what Mark McGwire and Sammy Sosa have done."

At Jacobs Field, the Red Sox will send Pedro Martinez against Jarrett Wright of Cleveland.

Martinez, who has over pitched in the postseason, has struggled in his last five starts. And the Red Sox have not won a postseason game since Game 5 of the 1986 World Series against the New York Mets.

"Pressure?" Martinez asked. "There's pressure on my shoulders every time I take the ball. I don't normally get too excited about things. So far I don't feel anything, just one more game."

Wright, a postseason hero last year as a rookie, was 12-10 with a 4.72 ERA this season. "Jarrett's a young pitcher, an up-and-coming pitcher," said Darren Lewis, a Boston center fielder. "We know what Pedro can do."

With Johnson, the Astros like their chances of reaching the World Series for the first time. He went 10-1 after being traded in late July by Seattle,

including 5-0 at the Astrodome. "Yeah, he's got some pretty unbelievable stuff," the Padres outfielder Steve Finley said. "But he's been beaten before. The last time he was in the playoffs, he got beat twice by Baltimore. People make it out to be an impossible task, but that's far from the truth."

The Padres-Astros meeting became assured only when the Mets, who had been in wild-card contention, lost Sunday. Kevin Brown will start Game 1 for San Diego.

"It's nice to know where you're going and who you're going to be facing," Gwynn said. "You can kind of get your mind set on what you're going to have to do."

The Braves, in the postseason for a record seventh straight time, will start John Smoltz against Chicago or San Francisco. Atlanta was 7-2 against the Giants during the regular season, but just 3-6 against the Cubs.

Both the Giants and Cubs lost Sunday — San Francisco dropping a 9-8 decision to the Colorado Rockies and Chicago losing, 4-3, to the Astros — leaving them tied and setting up the NL's first one-game playoff since 1980, when Houston beat Los Angeles. All statistics from the game count in the regular-season numbers, meaning Sammy Sosa can add to his total of 66 home runs.

The Atlanta pitcher Greg Maddux was not about to announce his preference. "All that does is come back to haunt you," he said. "Whoever you play, you play."

Rockies Fire Baylor

Don Baylor, the only manager the Rockies have had since the expansion team began play in 1993, was fired Monday in the start of an off-season shakeup following a disappointing 77-85 season. The Associated Press reported from Denver.

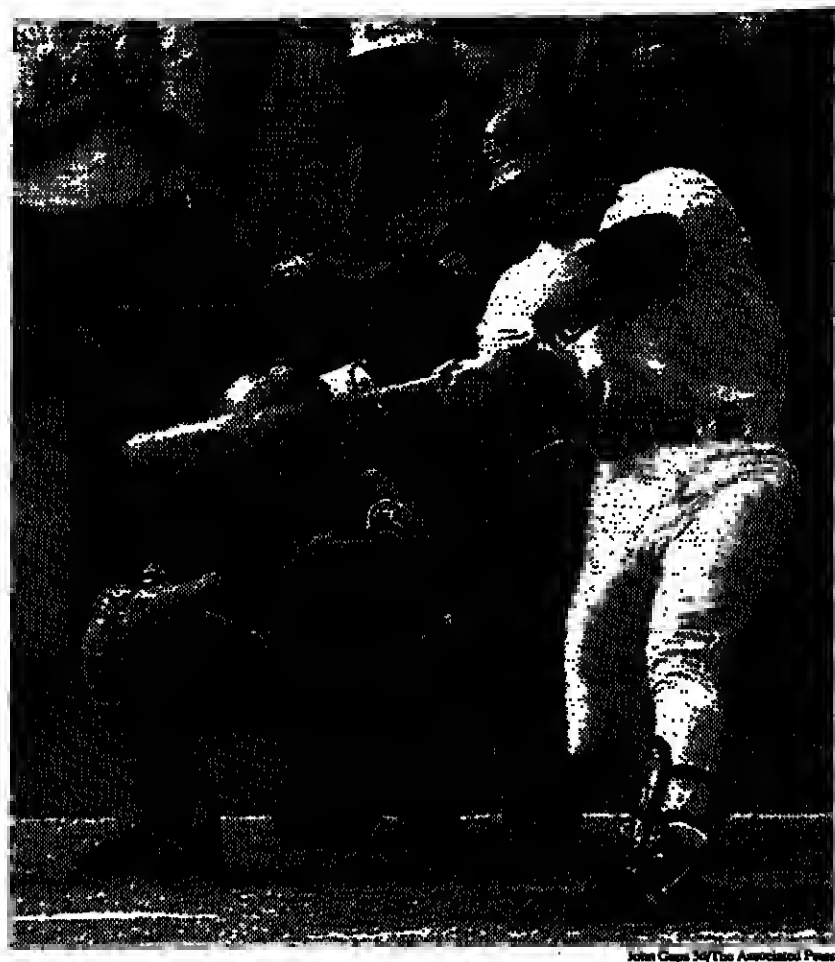
"After a long, thorough and very difficult evaluation," the team's owner, Jerry McMorris, said, "we feel a change in chemistry is necessary on the field and in the clubhouse."

Baylor was offered a front-office job, but he did not immediately say whether he would accept it.

Both Baylor and Bob Gebhard, the general manager since the Rockies began, have been criticized all year following an eight-game losing streak in early April that dropped the team out of contention.

While Baylor will not return to the dugout, Gebhard will be back in the front office. McMorris said the team would create another vice president's post with broad player personnel responsibilities.

After Colorado came from behind to defeat San Francisco, 9-8, on Sunday, Baylor sounded as if he expected to be fired. "I think it's probably 50-50," he said. Among those reportedly being considered to replace Baylor are Jim Leyland of the Florida Marlins and Felipe Alou of Montreal.



Mark McGwire connecting for his 70th home run, against the Montreal Expos in St. Louis on Sunday, in his last game of the baseball season.

70: Homer Total Ruthian? No, It's Mac-ian

Continued from Page 1

Has anyone in American sports ever done anything equally amazing, and comparably difficult, never such a grueling span and under so much pressure?

"If I combine everything I've seen in my baseball career — all the great achievements of all my players, and I've had some great ones — I compare all that to what Mark has done," said Tony La Russa, the Cardinals' manager. "He's gone into the stratosphere."

"Moment after moment, from hitting a grand slam on Opening Day to break up a scoreless game, I just wish somebody could say it, or write it the way it should be," added La Russa. "I've even written some things down. But it never comes close to the moment. So I've given up."

Baseball lends itself to a building-up of detail, a novel-like accumulation of narrative, like no other sport. For at least six weeks, McGwire has pulled entire families together — watching and discussing — his home runs, his saga and its meaning.

"I'm absolutely exhausted," he said. "It's felt like every eye in America was on me. I'm amazed that I stayed in my tunnel vision so long. It proves you can overcome almost anything with the strength of your mind."

McGwire's focus actually improved when he needed it most. On Aug. 19, Sammy Sosa of the Chicago Cubs — who had 66 home runs going into the Cubs' one-game playoff against the San Francisco Giants on Monday night to determine the National League's wild-card berth — passed him, 48 to 47.

That lasted 37 minutes. Before that game was finished, McGwire had hit two home runs, moved back ahead and finished with 23 homers in his last 46 games. Friday night, Sosa again pulled ahead, 66-65. That lasted 45 minutes.

McGwire then hit five homers in less than 48 hours. Ruthian? That adjective might not be enough any more. Maybe Mac-ian. McGwire hit his 70th home run in 509 at-bats over 155 games. When Roger Maris set the previous record of 61, he did it in 590 at-bats over 161 games. And when Babe hit 60, he did it in 540 at-bats over 151 games.

"Give Sosa part of the credit for 70,

too," said La Russa. "Sammy magic forced Mark to keep on grinding, right to the end."

All summer, McGwire has told first baseball fans, then general sports fans, then, eventually, everyone who doesn't live in a cave, that he is just like us. His eyes are too weak to see his home runs and his feet are so ugly he can't stand to look at 'em.

He's unlucky at love and has spent years with a therapist. Sometimes, injuries or the difficulties of the game have driven him close to despair or retirement. Seven years ago, he begged La Russa to bench him on the last day of the season so his average could not fall below .200.

Because he's presented himself as vulnerable and flawed, McGwire likes to say "Everybody tells me they feel like they hit these homers right along with me." But, surely, in the last three days of this season, he has separated himself from all of us — even his glorious alter ego in a Cubs uniform.

"I don't think of myself as anything special," McGwire said after this game. "I'm a normal person who has a talent to play this game."

That humility, and empathy for others, allowed him to cry in public a year ago as he donated \$1 million a year of his salary to a foundation for abused children. It allowed him to share the glory of his 62nd home run moment with the entire family of the late Maris, hugging every Maris in the joint and whispering in their ears. Of multimillion-dollar endorsements, which he has usually shunned, he said: "We'll see. So far, none of them turn my crank. I'm not going to sacrifice my winter."

Spring training will arrive soon enough — though, McGwire knows, it will probably never be followed by another season like this.

Perhaps the size of his achievement is measured by the fact that even he cannot imagine duplicating it. "Do I ever want to be in this position again?" he asked rhetorically. "I don't know."

At the end of the day, it was McGwire who asked himself the questions on many minds.

"Will 70 homers ever be broken? Could be. But I know how grueling it is. Will I be alive to see it? Maybe. If it is, I want to be there."

Williams Wins Batting Title As Yankees Finish at .704

The Associated Press
Bernie Williams went 2-for-2 to win the AL batting title and rookie Shane Spencer hit his third grand slam in nine days as the Yankees beat the Tampa Bay Devil Rays, 8-3, in New York.

The Yankees (114-48) won their seventh straight game and, with a .704 winning percentage, became the first team since the 1954 Cleveland Indians

BASEBALL ROUNDUP

(111-43) to play better than .700 ball over an entire season. The Yankees won the second-most games ever, behind the 1906 National League Cubs (116-36).

Williams had a pair of singles and a sacrifice fly to end the season with a .339 average — two points better than Boston's Mtn Vaughn, who went 2-for-4.

Jim Bruske (1-0) won and Rick White (2-6) lost. Tampa Bay was 1-11 against New York.

Red Sox 6, Orioles 4 In Boston, Mo Vaughn drove in two runs with his 40th homer and a single but failed to overtake Williams. Vaughn also matched his career-high, 16-game hitting streak.

The Red Sox (92-70), who clinched the AL wild-card berth Thursday, finished with its best record since 1985 when it was 95-66 and lost a seven-game World Series to the New York Mets.

Carlos Valdez (1-0) got the victory. Tom Gordon got his 46th save — his 43d in a row, a major-league record.

Mike Mussina (13-10) lost but the Orioles finished with a record-low .81 errors, three fewer than the previous mark set by Minnesota in 1995.

White Sox 7, Royals 6 In Kansas City, Albert Belle drove in three runs and completed one of the most productive seasons in Chicago's history.

Belle hit .311 and added two singles, lifting his hit total to 200. He set team records with 49 home runs, 48 doubles, 152 RBIs, 399 total bases and 99 extra-base hits. Belle had 31 homers after the All-Star break.

James Baldwin (13-6) gave up three runs on three hits in five innings. Tim Lincecum (14-14) was tagged for seven runs and eight hits in five innings.

Twins 6, Indians 2 The AL Central champion Indians finished the regular season with their sixth loss in seven games as Matt Lawton hit a three-run double for host Minnesota.

Playing in what probably was the last game of his 21-year career, Paul Molitor went 2-for-4 for the Twins. The 42-year-old St. Paul native is eighth on the career list with 3,319 hits. He has said he will announce a decision on whether he will retire in the next month or so.

Rangers 12, Mariners 6 In Seattle, Rusty Greer, Roberto Kelly, Mike Cuyler and Lee Stevens homered for the AL West champion Rangers.

Greer had a two-run homer off Paul Spoljaric (4-6) in the third inning and Kelly connected for a three-run shot in the fourth for an 8-2 lead.

Tony Fossas (1-3) got the victory with 1½ innings of scoreless relief.

Angels 4, Athletics 2 In Oakland, Jarrod Washburn (6-3) allowed three hits in 5½ innings in his first start since July 25 and Randy Velarde went 3-for-4 with three RBIs. Shigetoshi Hasegawa got one out for his fifth save.

Garret Anderson hit his 15th home run to lead off the fourth against Jay Witasick (1-3), breaking a 1-1 tie.

In the National League: **Marlins 6, Phillies 5** In Philadelphia, Ruben Amaro Jr., playing his final major league game before becoming the Phillies' assistant general manager, singled home the go-ahead run in the second game. Kevin Seifert drove in a career-high four runs for the Phillies in the opener.

The Marlins finished at 54-108, the worst record in the majors since 1979, when Oakland also dropped 108 and Toronto lost 109. The Marlins had the worst record ever for a defending World Series champion, breaking the previous low (74-88) set by Cincinnati in 1991.

Dodgers 2, Braves 1 In Los Angeles, Chan Ho Park (15-9) allowed one run and eight hits in six innings for his career-high 15th victory, and Mark Grudzielanek drove in the go-ahead run with a sacrifice fly off Bill Pulsipher (3-4). Jeff Shaw got his 48th save.

Padres 3, Diamondbacks 2 In Phoenix, Greg Vaughn became the fourth player to hit 50 homers this season and Trevor Hoffman got his major league-leading 53d save.

Vaughn broke a 1-1 tie in the eighth with a two-run shot off Aaron Small (3-1). Before this year, there had never been more than two 50-homer players in a single season.

In games reported in late editions Monday:

Rays 2, Tigers 1 In Toronto, Roy Halladay, pitching just his second major league game, came within one out of a hit, losing his bid when pinch-hitter Bobby Higginson homered in the top of the ninth for Detroit.

Braves 7, Mets 2 New York, which had a one-game lead in the NL wild-card race going into their final five games and were still in a three-way tie with two games to go, fell behind 5-0 and was eliminated by the Braves in Atlanta.

Reds 4, Pirates 1 The Reds ended their season by putting together the major field in Cincinnati. When they took Larkin at first, Bret Boone at second, who hit a three-run homer, at third.

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SPORTS

Giants Turn Over a New Leaf

New York Intercepts Chargers' Rookie 4 Times in 34-16 Drubbing

The Associated Press
One week after a disastrous performance in the Kansas City game, Ryan Leaf flopped again under the San Diego sun, throwing four interceptions in less than three quarters as the New York Giants dominated the Chargers, 34-16.

Leaf was benched following the final pickoff on Sunday, which was returned 20 yards by Percy Ellsworth for a touchdown.

The Giants (2-2), coming off a 31-7 loss to Dallas on Monday night, had to travel cross-country on a short week. They played like the opportunistic Giants of 1997 in winning the West Coast for the first time since beating San Francisco in the NFC championship game on Jan. 20, 1991.

Packers 37, Panthers 30 Brett Favre, overcoming a first half in which his two interceptions helped host Carolina take a 10-point lead, threw for 388 yards and five touchdowns to rally Green Bay.

The Packers limited Carolina to 13 first downs, including just five in the first 52 minutes, helping the Packers to their first 4-0 start since 1966, the year they won the first Super Bowl.

Favre, throwing for five scores for the third time in his career, completed 27 of 45 passes. He linked up with Derrick Mayes on three of the TD passes.

Saints 19, Colts 13 In Indianapolis, Danny Wuerffel threw a 15-yard touchdown pass to Andre Hastings with 41 seconds left in regulation and a 33-yard touchdown pass to Cameron Cleeland at 8:50 of overtime.

Peyton Manning and Marshall Faulk, both natives of New Orleans, appeared to have the game won for the Colts (0-4) with a 78-yard touchdown connection in the fourth quarter. But the Saints (3-0) got the ball back with 2:49 to go, converted on fourth-and-17 with a 44-yard completion to former Colt Sean Dawkins and tied the game with the TD pass to Hastings.

Raiders 13, Cowboys 12 A lucky bounce on a 75-yard touchdown pass and two field goals by Greg Davis gave visiting Oakland all the scoring it needed. Cornerback Charles Woodson

also intercepted a pass by Jason Garrett in the end zone to stop another Dallas drive.

On third-and-12 with time running down in the first half, Jeff George heaved a long pass downfield in the direction of James Iyler.

The ball hit cornerback Kevin Smith in the left shoulder pad and bounced into the arms of Iyler, who ran 30 yards untouched to complete the 75-yard touchdown pass, longest of the season for Oakland (2-2).

Jaguars 27, Oilers 22 In Nashville, Tennessee, Mike Hollis kicked two field goals in the fourth quarter and rookie Fred Taylor rushed for 116 yards as the Jaguars came from behind for the best start in the team's short history.

On a day when Mark Brunell struggled and the Jaguars (4-0) turned the ball over three times, the defense led the way with four sacks and two interceptions against the Oilers (1-3). Eddie George was held to 25 yards on 14 carries.

Chiefs 24, Eagles 21 In Philadelphia, Rich Gannon's 57-yard completion to Joe Horn in the fourth quarter set up Donnell Bennett's third touchdown run.

Gannon was 17-for-25 for 262 yards as Kansas City (4-0) won its ninth straight against NFC opponents. The Eagles (0-4)

are off to their worst start in 26 years.

Steelers 13, Seahawks 10 Jerome Bettis got the host Steelers (3-1) back to what they do best by running for 138 yards. Bettis went over 100 yards for the 33rd time in his six-year career and the 23rd time with Pittsburgh by early in the third quarter.

Seattle (3-1), one of the NFL's surprise teams so far, couldn't overcome Bettis' big day, four turnovers or a suddenly ineffective running game.

Vikings 31, Bears 28 In Chicago, Randall Cunningham connected on four TD passes to four receivers — Robert Smith, Chris Carter, Andrew Glover and Randy Moss — and cornerback Corey Fuller had a key interception.

Fuller intercepted what would have been a touchdown, and Moss and Carter had TD receptions in a second half comeback for the Vikings (4-0).

Cunningham finished 16-of-25 for 275 yards. Erik Kramer was 25-of-29 for 372 yards and four scores for Chicago (0-4).

49ers 31, Falcons 20 Steve Young and Jerry Rice led another offensive show by the 49ers. Young ended the first offensive series with his 200th career touchdown pass, a 66-yarder to Rice. They teamed again just before halftime on a 26-yard pass as the 49ers (3-0) bolted to a 31-7 lead over Atlanta (2-1).

Ravens 31, Bengals 24 In Baltimore, Priest Holmes, making his first NFL start, ran for 173 yards and two touchdowns and Jerome Lewis also scored twice.

The Ravens (2-2) scored on their first three possessions to go up 21-0, then held on after Cincinnati (1-3) twice cut the gap to four points. Holmes scored on runs of 3 and 15 yards, and Lewis caught a 73-yard pass from Eric Zeier and



The Cowboys' Michael Irvin being pursued by the Raiders' Eric Turner.

returned a punt 87 yards.

In games reported in late editions Monday:

Cardinals 38, Redskins 16 In Landover, Maryland, for the first time in nine years, the Broncos won a game without John Elway. Bubby Brister did the honors, even running the bootleg right for a

touchdown pass.

Cardinals 38, Redskins 16 Arizona scored 14 points in a 50-second span of the second quarter and won its St. Louis homecoming, the team's first regular-season contest in there since owner Bill Bidwill moved the team to Arizona after the 1987 season.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
New York	11	4	.704	0
Boston	9	7	.562	2
Seattle	8	7	.538	3
San Diego	6	9	.400	5
Tampa Bay	6	9	.400	5

CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	10	4	.690	0
Chicago	8	6	.571	2
Kansas City	7	7	.500	3
Minnesota	7	7	.500	3
Detroit	6	8	.431	4

WEST DIVISION

Team	W	L	Pct.	GB
Los Angeles	10	4	.704	0
San Francisco	8	6	.571	2
Colorado	7	7	.500	3
Arizona	6	8	.431	4
San Diego	6	8	.431	4

NATIONAL LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	10	4	.704	0
New York	8	6	.571	2
Philadelphia	7	7	.500	3
Montreal	6	8	.431	4
Florida	5	10	.333	5

CENTRAL DIVISION

Team	W	L	Pct.	GB
St. Louis	10	4	.704	0
Chicago	8	6	.571	2
St. Louis	7	7	.500	3
San Francisco	6	8	.431	4
San Diego	6	8	.431	4

WEST DIVISION

Team	W	L	Pct.	GB
Los Angeles	10	4	.704	0
San Francisco	8	6	.571	2
Colorado	7	7	.500	3
Arizona	6	8	.431	4
San Diego	6	8	.431	4

SUNDAY LINEUPS

AMERICAN LEAGUE

Team	W	L	Pct.	GB
Seattle	8	7	.538	3
San Diego	6	9	.400	5
San Francisco	6	9	.400	5
Los Angeles	6	9	.400	5
San Diego	6	9	.400	5

NATIONAL LEAGUE

Team	W	L	Pct.	GB
St. Louis	10	4	.704	0
Chicago	8	6	.571	2
St. Louis	7	7	.500	3
San Francisco	6	8	.431	4
San Diego	6	8	.431	4

FOOTBALL

NFL STANDINGS

AMERICAN CONFERENCE

Team	W	L	T	Pct.	PF	PA
Atlanta	3	0	0	1.000	52	22
New England	3	0	0	.938	44	22
Buffalo	2	0	0	.667	33	23
Indianapolis	2	0	0	.667	40	16

CENTRAL

Team	W	L	T	Pct.	PF	PA
Jacksonville	4	0	0	1.000	56	71
Cincinnati	2	2	0	.500	78	78
Cincinnati	1	2	0	.250	78	95
Tennessee	1	3	0	.250	88	81

EAST

Team	W	L	T	Pct.	PF	PA
Denver	4	0	0	1.000	141	77
Seattle	3	1	0	.750	105	41
Kansas City	3	1	0	.750	91	57
Oakland	2	2	0	.500	58	91
San Diego	2	2	0	.500	58	91

NATIONAL CONFERENCE

Team	W	L	T	Pct.	PF	PA
Arizona	2	2	0	.500	61	91
San Francisco	2	2	0	.500	91	91
Philadelphia	2	2	0	.500	91	91
Washington	0	0	0	.000	64	136

CENTRAL

Team	W	L	T	Pct.	PF	PA
Green Bay	4	0	0	1.000	111	70
Minnesota	4	0	0	1.000	129	72
Chicago	2	2	0	.500	69	69
Chicago	0	0	0	.000	53	101
Chicago	0	0	0	.000	78	99

EAST

Team	W	L	T	Pct.	PF	PA
New Orleans	3	0	0	1.000	62	44
San Francisco	3	0	0	1.000	112	60
Atlanta	3	0	0	1.000	112	60
San Francisco	3	0	0	1.000	112	60
San Francisco	3	0	0	1.000	112	60

WEST

Team	W	L	T	Pct.	PF	PA
Arizona	2	2	0	.500	61	91
San Francisco	2	2	0	.500	91	91
Philadelphia	2	2	0	.500	91	91
Washington	0	0	0	.000	64	136

CFL STANDINGS

EAST DIVISION

Team	W	L	T	Pct.	PF	PA
Hamilton	9	3	1	.750	360	234
Montreal	8	4	1	.667	305	306
Toronto	8	5	0	.615	349	265
Winnipeg	2	11	0	.154	257	404

WEST DIVISION

Team	W	L	T	Pct.	PF	PA
Calgary	7	4	0	.636	420	284
Edmonton	7	6	0	.538	310	310
British Columbia	4	9	0	.308	337	336
Saskatchewan	0	9	0	.000	101	116

SUNDAY RESULTS

Team	W	L	T	Pct.	PF	PA
Saskatchewan	27	Calgary	22			

THE TOP 25

Team	W	L	T	Pct.	PF	PA
Atlanta	3	0	0	1.000	141	77
Seattle	3	1	0	.750	105	41
Kansas City	3	1	0	.750	91	57
Oakland	2	2	0	.500	58	91
San Diego	2	2	0	.500	58	91

NATIONAL CONFERENCE

Team	W	L	T	Pct.	PF	PA
Arizona	2	2	0	.500	61	91
San Francisco	2	2	0	.500	91	91
Philadelphia	2	2	0	.500	91	91
Washington	0	0	0	.000	64	136

CENTRAL

Team	W	L	T	Pct.	PF	PA
Green Bay	4	0	0	1.000	111	70
Minnesota	4	0	0	1.000	129	72
Chicago	2	2	0	.500	69	69
Chicago	0	0	0	.000	53	101
Chicago	0	0	0	.000	78	99

EAST

Team	W	L	T	Pct.	PF	PA
New Orleans	3	0	0	1.000	62	44
San Francisco	3	0	0	1.000	112	60
Atlanta	3	0	0	1.000	112	60
San Francisco	3	0	0	1.000	112	60
San Francisco	3	0	0	1.000	112	60

WEST

Team	W	L	T	Pct.	PF	PA
Arizona	2	2	0	.500	61	91
San Francisco	2	2	0	.500	91	91
Philadelphia	2	2	0	.500	91	91
Washington	0	0	0	.000	64	136

ICE HOCKEY

NHL PRESEASON

SUNDAY RESULTS

Team	W	L	T	Pct.	PF	PA
Florida	2	0	0	1.000	3	0
Detroit	1	0	0	.500	3	0
Montreal	1	0	0	.500	3	0
Edmonton	1	0	0	.500	3	0

WESTERN DIVISION

Team	W	L	T	Pct.	PF	PA
Calgary	7	4	0	.636	420	284
Edmonton	7	6	0	.538	310	310
British Columbia	4	9	0	.308	337	336
Saskatchewan	0	9	0	.000	101	116

ART BUCHWALD

Now, Business as Usual

NEW YORK — Our long nightmare is almost over. Most people hope it will be finished before the next Mike Tyson fight.

These are some of the things we can rejoice in soon: We won't have to watch Lucianne Goldberg, Linda Tripp's agent, on television.

Better still, we won't have to watch Linda Tripp on television.

Even better than that, we won't have to watch Linda Tripp's hair on television.

One of the biggest pluses is that we will no longer have to watch President Clinton hugging Monica Lewinsky on the White House lawn.

We also will be spared TV bites of Monica getting out of a Diamond taxi to enter the courthouse.

Thank the Lord we also no longer have to watch Ken Starr putting on his suit jacket and waving to the press with a Cheshire-cat grin on his face.

If anyone stands to suffer from the finish of this coun-

try's biggest sex scandal, it is the members of the legal profession. Thousands of lawyers were recruited as experts in the case. Some, who had little knowledge of crimes and misdemeanors and the U.S. Constitution, were hired to appear on TV shows to tell us what was really going on in the grand jury room.

Now, with the case fading away, these lawyers will go back to chasing ambulances and explaining tobacco cases in their own hometowns.

The other big losers are the DNA experts who quit their jobs to go on the Larry King and Geraldo Rivera shows.

How will Americans react when their daily fixes of Monica and Bill are withdrawn?

As psychiatrist Asdaque Simple said: "Since this is a grand jury case involving a White House intern and a president of the United States, it may take a while for the American public to get over it. But since the attention span in Washington is down to 30 seconds, it will be forgotten sooner than the Wilbur Mills-Fannie Foxe sex scandal."



Art Buchwald

A Film Clip Leaves Skeptics Cold

The Associated Press

CLEVELAND — Another mysterious twist in the tale of the blues legend Robert Johnson: A film clip rumored to contain the only known footage of the revered guitarist actually shows someone else, say blues experts and musicians who worked with Johnson.

"I don't care how many times you look at this film," said Robert Lockwood Jr., Johnson's stepson and a blues musician himself. "It ain't ever going to be Robert Johnson."

The four-second clip was screened publicly for the first time at Case Western Reserve University over the weekend as part of a conference about Johnson sponsored by the Rock and Roll Hall of Fame. It was found eight months ago by a shop owner in Memphis, Tennessee, and supposedly showed Johnson strumming his guitar on a Mississippi street corner.

Johnson died in 1938 at 27.

Murals That 'Chagallized' a Moscow Theater

By John Russell
New York Times Service

LONDON — Among the major works of 20th-century art, none have traveled more widely in the 1990s than the panoramic murals that were painted by Marc Chagall in January 1920 for the new Jewish Theater in Moscow.

Like that theater itself, and like many of those who had worked for it, they had been proscribed, suppressed and in danger of being destroyed in the Soviet Union. If Stalin could order the murder of Salomon Mikhoels, the Jewish Theater's greatest actor, what hope was there for paintings?

The decorations — the largest of which was about 13 feet (4 meters) high and 39 feet wide — had, in fact, been taken away, rolled on big drums and kept in a secret place at the Tretyakov Museum in Moscow. In 1973, Chagall went back to Russia after years of absence and was allowed to see them, under supervision. In 1985, when the policies of glasnost prevailed, work began on their restoration.

Since 1991, the murals have been shown at the Guggenheim Foundation in Marigny, Switzerland (which had helped substantially toward their restoration); the Schirn Kunsthalle in Frankfurt; the Guggenheim Museum in New York; the Art Institute of Chicago; and the Musée d'Art Moderne de la Ville de Paris.

Invariably, the effect they produced was of irresistible jubilation, not unmingled with mischief. This was in large part because of the enormous painting called "Introduction to the Jewish Theater," which is both an encyclopedia of traditional Yiddish motifs and a fast-forward autobiography by Chagall himself. (Scholars have disentangled no fewer than 54 separate motifs in its wonderfully fanciful and yet always incisive intimations.)

The murals also include four tall, commanding panels titled "Drama," "Music," "Dance" and "Literature"; an immensely long and narrow frieze called "The Wedding Feast," and a large square painting, "Love on the Stage." At once a delight for the eye and an education in the humanities, they were completed by Chagall in a remarkably short time.

There was much to celebrate when those murals were first seen in Moscow in 1920. In 1883 the czar had imposed a total ban on the Yiddish-language theater, which thereafter

led at best a clandestine life. There appeared to be more promising times in 1919, when the new regime took cognizance of the fact that 97 percent of Russia's Jewish population spoke Yiddish and should no longer be subjected to deprivation.

Yet it may be that only now, at the Royal Academy of Arts in London, where the murals are on view until Oct. 4 in the exhibition "Chagall: Love and the Stage," do visitors experience their original impact. To achieve this, the viewers need to feel that they are in an enclosed and quite small space.

At the Royal Academy that need is met. In the unadorned upstairs spaces of the academy's Sackler Gallery, there is no distraction. Plain ideas about installation are worked out on plain white walls.

There is plenty of auxiliary material, and much of it is very telling, but it never strays from the point. Even those visitors who long ago gave up on later Chagall smile in bemusement.

Nearly, but separate, are drawings and sketches that show with what an instantaneous fidelity Chagall could note down whatever might suit him for future work. A prime instance of this is "The Jewish Wedding," a drawing done with gouache and India ink, pen and brush, mounted on cardboard, on loan from a private collection in St. Petersburg. For energy, vivacity and sharp observation it would be hard to beat.

Chagall said in his memoirs: "This was to be a real Yiddish theater, a temple of joyous creation, where prayers are chanted in the Yiddish language. We were building a world theater in which only the language separated us from other theaters. How would it be? What gods should we worship? We could not yet answer these questions. We didn't yet know our goals. To search for them was our main object."

The theater in question had a tiny auditorium, with no more than 90 seats; it was originally part of a large private house. Chagall was determined that in this theater, painting should take precedence. The theater should be a picture gallery as much as an auditorium, and the audience should have had an all-enveloping theatrical experience before the play had even begun.

Chagall himself was to be preacher and poet, storyteller and dramatist. The theatergoers could watch the actors, if they liked, but he, Chagall, was ready to occupy their whole attention.

During the four weeks it took him to



Chagall's "Music," painted in 1920.

complete his work, he allowed no one else to enter the theater. Food was passed to him through a crack in the door. If anyone spoke to him of rehearsals onstage, he groaned. ("If only we didn't have to have people around," he said.) When he saw how members of the audience might have to back into the walls to let others pass, he feared that some damage might occur to his paintings.

Above all, he wanted every one of the actors to be "Chagallized." They were to leave the "real" world at the stage door. There was to be nothing of the naturalistic theater that Stanislavsky and the Moscow Art Theater had brought to perfection. To help his actors avoid that, Chagall wanted them, in effect, to merge with his murals.

To that end, he covered every inch of their costumes with paint. He would fall upon them almost at curtain time, with brushes and palette in hand. Frock coats and peaked caps were transformed at breakneck speed. Tiny houses with tiny gardens appeared on their trousers. Birds and little pigs appeared on their hats. Anything that smacked of realism was outlawed, and even their faces were not exempt from transformation just before (or after) curtain time.

Even Mikhoels, whom Chagall worshipped as an actor, could not escape. Chagall would hold him back even when he was late on cue and the audience was calling out for him. "If only I could tear out your right eye, what a wonderful mask I could make for you," the artist once said to the actor.

When the murals were first seen, they did their work almost too well. The audience was so fascinated by them that it refused to let the play begin until someone came onstage and explained what the murals were about. But before long, the love affair between Chagall and the Jewish Theater curdled, and Aleksei Granovsky, the theater's director, decided that there must be limits to "Chagallization." Chagall had taken over the auditorium, but he simply could not be allowed to take over the stage.

In the words of Chagall's friend and champion, Amos Efron: "We had to fight for our right to perform theater over Chagall's dead body, almost. Everything that we did to try and make theater upset him. He even accused the stagehands of deliberately scratching the scenery that he had painted himself."

Chagall was bound to look for a larger audience for his murals, and in February 1921 he wrote to the management of the Jewish Theater: "I can find no inner peace until the 'masses' can see my work. At present it can be seen, at best, by one hundred Jews at close quarters."

He added: "I like the Jews very much, and have proved it many times over, but I also like the Russians, and people of many other nationalities, and I have been used to painting serious things for all of them." He therefore asked the theater to show his murals for two hours a day during which anyone who wished could see them.

In the end, Marc Chagall had his way. His murals are welcome the world over, and nowhere more so than in the limpid spaces of the Sackler Gallery at the Royal Academy of Arts in London at this moment.

PEOPLE

PRACTICE does make perfect. Judith Ingolfsson won the gold medal at the fifth quadrennial International Violin Competition of Indianapolis. Four years ago, the native of Iceland did not get beyond the preliminaries. "I didn't expect to win, and I didn't do it to win, but for a chance to make beautiful music," said Ingolfsson, 25, who moved to the United States with her family in 1980. Ingolfsson will receive \$30,000 and a debut at Carnegie Hall.

The composer Philip Glass won rave reviews in Lisbon for his new opera, "The White Raven," which had its world premiere last weekend at the world fair. "A tranquil piece with magnificent moments," was how the *Daily Diario de Noticias* described the work. The opera, directed and designed by Glass's usual partner, Robert Wilson, was staged to mark the final days of the Expo '98 world fair, due to close Sept. 30.

Paul McCartney's daughter, Mary,

a 27-year-old photographer, married the television producer Alistair Donald on Saturday at St. Peter and St. Paul's church in Peasmarsh, a village south of London. McCartney drove the couple in a vintage car to and from the church.

Still 63, Willy Loman has his shoes shined and his bags packed for another bout with life. The Goodman Theater in Chicago began its new season Monday with Brian Dennehy as Willy in a revival of the Arthur Miller classic, "Death of a Salesman," which opened in 1949.

Tapping two of the world's foremost repositories of drawings for 120 works by artists like Rubens, Matisse, Picasso, Rembrandt, Daumier, Bernini, Modigliani, Poussin and van Gogh, the Morgan Library has begun the exhibition "Master Drawings from the Hermitage and Pushkin Museums." Many of these works, from the 15th to the 20th centuries, have never been shown outside Russia. The Morgan will be the only site

of the exhibition, running until Jan. 10.

Unique is not a word to be used lightly, but the 60 ceramics by Picasso that went on display Sunday at the Tacoma Art Museum in Washington bear that designation. All the sculptures, vessels and tiles are from the artist's private collection. Though many of his ceramics were produced by the hundreds, these are described as one-of-a-kind. The ceramics were inherited by Marina Picasso, the artist's granddaughter.

Progress for Holocaust Memorial in Vienna

Reuters

VIENNA — After a delay of two years due to a political battle, Vienna on Monday laid the foundation stone for a memorial to the city's Jews who were exterminated in the Holocaust.

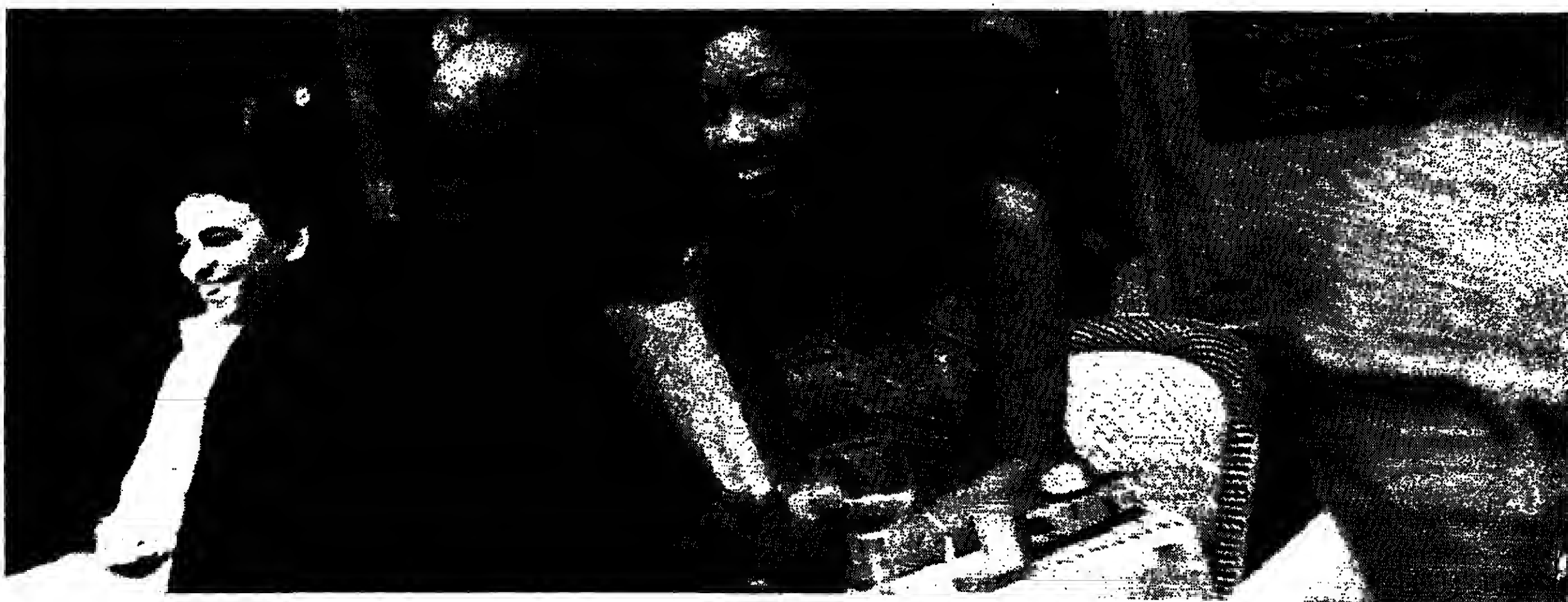
Construction of the memorial on the small baroque Judenplatz, or Jew's Square, in the heart of the Austrian capital came to a standstill in 1996 when excavation work uncovered the remains of a medieval synagogue.

Dozens of Jews and their rabbi committed suicide in 1421 in the Or Sarua temple to escape forced conversions by the Roman Catholic church. Leaders of Vienna's small Jewish community protested that the planned memorial — a white concrete block designed by the British artist Rachel Whiteread — was redundant because the ruins of the synagogue spoke for themselves.

Now both constructions will coexist as a museum chronicling the persecution of Jews in Vienna. An estimated 65,000 Austrian Jews died in the Holocaust.



AIDS BENEFIT — From left, Christy Turlington, k.d. lang, Elizabeth Taylor and Magic Johnson at a fashion show in Santa Monica, California.



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